

OUDTSHOORN

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2018

OUDTSHOORN LOCAL MUNICIPALITY

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OUTDSHOORN LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

GENERAL INFORMATION

NATURE OF BUSINESS

Oudtshoorn Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Oudtshoorn Municipality includes the following areas:
Oudtshoorn, Dysselsdorp, De Rust, Volmoed, De Hoop

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	CF Sylvester
Deputy Executive Mayor	N Mwati
Speaker	J le Roux Krowitz
Executive Mayoral Committee	DJ Fourie
Executive Mayoral Committee	E Fortuin
Executive Mayoral Committee	GJ Kersop
Executive Mayoral Committee	H Ruiters
Executive Mayoral Committee	P Luiters 1 July 2017 to 24 February 2018

MUNICIPAL MANAGER

AA Paulse

CHIEF FINANCIAL OFFICER

FM Lötter

BUSINESS ADDRESS

69 Voortrekker Road
OUTDSHOORN
6625

AUDITORS

Office of the Auditor-General (Western Cape)
Private Bag X1
CHEMPET
7442

PRINCIPLE BANKERS

ABSA BANK

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

ATTORNEYS

Avontuur and Partners - 108 St Georges Street, Oudtshoorn.
Coetzee and v/d Bergh Attorneys - 41 Baron van Rheede Street, Oudtshoorn.
James King Badenhorst Attorneys - 144 St John Street, Oudtshoorn.
Advocate Metembo - 02 Arend Botha Street, Oudtshoorn.
Stadler & Swart Attorneys - 01 Doneraile Street, George.
Duvenage Jonck and Kayser Inc. - 84 Baron van Rheede Street. Oudtshoorn
Bradley Conradie Halton Cheadle Inc. - The Gatehouse. G04. Century Way. Century City. Cape Town.

- Municipal Finance Management Act (Act no 56 of 2003)
- Division of Revenue Act
- The Income Tax Act
- Value Added Tax Act
- Municipal Structures Act (Act no 117 of 1998)
- Municipal Systems Act (Act no 32 of 2000)
- Municipal Systems Amendment Act (Act no 7 of 2011)
- Municipal Planning and Performance Management Regulations
- Water Services Act (Act no 108 of 1997)
- Housing Act (Act no 107 of 1997)
- Municipal Property Rates Act (Act no 6 of 2004)
- Basic Conditions of Employment Act (Act no 75 of 1997)
- Supply Chain Management Regulations, 2005
- Collective Agreements
- Infrastructure Grants
- SALBC Leave Regulations

MEMBERS OF THE OUDTSHOORN LOCAL MUNICIPALITY

WARD	COUNCILLOR
Councillor	LPO Wagenaar
Councillor	VM Donson
Councillor	N Magopeni
Councillor	RR Wildschut
Councillor	HG Juthe
Councillor	JE Floors
Councillor	M Titus
Councillor	JH Tyatya
Councillor	JC Lambaatjeen
Councillor	LS Stone
Councillor	H Botha
Councillor	K Windvogel
Councillor	H Human
Councillor	CL Cobus
Councillor	N Soman
Councillor	DR Maarman
Councillor	BV Owen
Councillor	MBG Theyse - from 30/05/2018

OUDTSHOORN LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

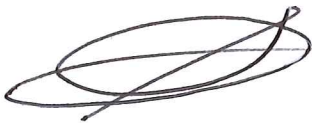
I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 11 to 105 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



AA Paulse
Municipal Manager

31 August 2018
Date

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 R	2017 Restated R
ASSETS			
Non-Current Assets		839 149 387	823 143 056
Property, Plant and Equipment	2	751 250 603	733 851 357
Investment Property	3	66 516 491	68 037 193
Intangible Assets	4	1 183 541	421 384
Heritage Assets	5	13 774 345	13 774 345
Capitalized Restoration Cost	6	6 424 407	7 058 777
Current Assets		121 760 069	83 785 746
Inventory	7	1 678 095	1 586 711
Receivables from exchange transactions	8	39 210 957	40 122 563
Receivables from non-exchange transactions	9	10 070 415	11 567 163
Unpaid Transfers and Subsidies	18	-	2 685 184
Operating Lease Asset	10	3 066	8 182
Cash and Cash Equivalents	11	70 797 536	27 815 944
Total Assets		960 909 456	906 928 803
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		223 443 097	225 978 128
Long-term Borrowings	12	44 863 279	60 391 413
Non-current Provisions	13	63 215 270	54 260 486
Non-current Employee Benefits	14	115 364 549	111 326 229
Current Liabilities		115 388 445	111 101 178
Consumer Deposits	15	9 203 729	8 482 812
Current Employee Benefits	16	22 054 918	19 629 311
Trade and Other Payables from exchange transactions	17	50 630 734	38 097 410
Unspent Transfers and Subsidies	18	9 695 218	10 187 510
Taxes	19	8 127 832	2 922 650
Current Portion of Long-term Borrowings	12	15 676 013	31 781 484
Net Assets		622 077 913	569 849 497
Accumulated Surplus/(Deficit)		622 077 913	569 849 497
Total Net Assets and Liabilities		960 909 456	906 928 803

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 (Actual) R	2017 (Restated) R	Correction	2017 (Reclassified) R
REVENUE					
Revenue from Non-exchange Transactions		258 393 036	209 938 208	-	209 938 208
Taxation Revenue		81 990 053	70 958 273	-	70 958 273
Property Rates	21	81 990 053	70 958 273		70 958 273
Transfer Revenue		167 140 894	111 480 961		111 480 961
Government Grants and Subsidies - Capital	22	53 737 290	36 816 136		36 816 136
Government Grants and Subsidies - Operating	22	113 150 212	74 588 619		74 588 619
Public Contributions and Donations		58 650	76 206		76 206
Contributed Property, Plant and Equipment	30	194 742	-		-
Other Revenue		9 262 089	27 498 974	-	27 498 974
Actuarial Gains	14	6 766 799	12 271 902		12 271 902
Fines, Penalties and Forfeits		1 611 434	14 423 212		14 423 212
Government Incentives Received		842 972	760 280		760 280
Licences and Permits		40 884	43 580		43 580
Revenue from Exchange Transactions		369 359 372	352 134 363	327 752	351 806 611
Service Charges	23	326 230 305	315 785 556		315 785 556
Entrance fees		17 604 864	15 586 807		15 586 807
Sales of Goods and Rendering of Services	24	3 929 600	3 516 373		3 516 373
Rental from Fixed Assets	25	3 453 170	3 341 693		3 341 693
Interest Earned - external investments	26	5 454 131	3 230 096		3 230 096
Interest Earned - Exchange Transactions	27	6 949 384	6 390 851		6 390 851
Interest Earned - Outstanding Receivables		-	-		-
Agency Services		4 569 746	3 461 990	327 752	3 134 238
Operational Revenue	28	1 168 171	820 996		820 996
Total Revenue		627 752 408	562 072 571	327 752	561 744 819
EXPENDITURE					
Employee Related Cost	29	(215 633 043)	(186 514 992)		(186 514 992)
Remuneration of Councillors	30	(10 022 284)	(9 483 852)		(9 483 852)
Actuarial Losses	14	(401 558)	-		-
Bad Debts Written Off		(35 447 483)	-		-
Contracted Services	31	(21 396 094)	(26 384 315)		(26 384 315)
Depreciation and Amortisation	32	(40 084 855)	(34 369 124)	(14 923 388)	(19 445 736)
Interest, Dividends and Rent on Land	33	(17 135 350)	(14 674 724)		(14 674 724)
Bulk Purchases	34	(147 637 240)	(146 708 626)		(146 708 626)
Inventory Consumed	7	(12 626 068)	(7 020 115)		(7 020 115)
Operating Leases		(4 579 273)	(2 677 853)		(2 677 853)
Transfers and Subsidies	35	(2 697 142)	(3 021 673)		(3 021 673)
Operational Cost	36	(76 273 922)	(38 600 425)	3 010 064	(41 610 489)
Total Expenditure		(583 934 310)	(469 455 699)	(11 913 324)	(457 542 375)
Operating Surplus for the Year		43 818 098	92 616 872	(11 585 572)	104 202 444
(Impairment Loss)/Reversal of Impairment Loss on Receivables	37	10 131 444	(14 057 626)		(14 057 626)
Gains/(Loss) on Sale of Fixed Assets		(1 835 833)	-		-
Loss on Disposal of Assets		-	3 843	236 205	(232 362)
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	38	114 708	(713 047)	10 387 282	(11 100 329)
NET SURPLUS/(DEFICIT) FOR THE YEAR		52 228 416	77 850 042	(962 086)	78 812 127

OUDTSHOORN LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30

	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2016	421 455 743	421 455 743
Correction of Error - note 40	70 543 711	70 543 711
Restated balance	491 999 454	491 999 454
Net Surplus/(Deficit) for the year	78 812 128	78 812 128
Net Surplus/(Deficit) previously reported	78 812 128	78 812 128
Balance at 30 June 2017	570 811 582	570 811 582
Correction of Error - note 40	(962 085)	(962 085)
Restated balance	569 849 497	569 849 497
Net Surplus/(Deficit) for the year	52 228 416	52 228 416
Balance at 30 June 2018	622 077 913	622 077 913

OUDTSHOORN LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 R	2017 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Ratepayers and other		468 204 521	426 351 582
Government - Capital		53 737 290	36 816 136
Government - Operating		113 150 212	74 588 619
Interest		12 403 515	9 620 947
Dividends		-	-
Cash payments			
Suppliers and Employees		(496 151 198)	(440 065 573)
Finance Charges		(17 135 350)	(14 673 473)
Transfers and Grants		(2 697 142)	(3 021 673)
Net Cash from Operating Activities	42	131 511 849	89 616 565
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(55 779 424)	(34 211 455)
Proceeds on Disposal of Fixed Assets		434 647	-
Purchase of Investment Properties		(130 752)	-
Purchase of Intangible Assets		(950 314)	(258 871)
Net Cash from Investing Activities		(56 425 844)	(34 470 326)
CASH FLOW FROM FINANCING ACTIVITIES			
Movement in agreements with suppliers		(18 834 732)	(34 399 024)
Repayment of Borrowing		(13 990 598)	(13 965 523)
Increase in Consumer Deposits		720 916	1 354 936
Net Cash from Financing Activities		(32 104 414)	(47 009 611)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		42 981 592	8 136 629
Cash and Cash Equivalents at the beginning of the year		27 815 944	19 679 315
Cash and Cash Equivalents at the end of the year	43	70 797 536	27 815 944
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		42 981 592	8 136 629

OUDTSHOORN LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2018	Actual Outcome as % of Final Budget %
	R	R	R	R	R	%
ASSETS						
Current Assets						
Cash	17 906 037	(1 205 635)	16 700 402	16 700 402	7 442 655	-55.43%
Call Investment Deposits	10 000 000	13 517 921	23 517 921	23 517 921	63 354 881	169.39%
Consumer Debtors	37 708 978	(6 482 883)	31 226 095	31 226 095	49 281 371	57.82%
Other Debtors		2 962 703	2 962 703	2 962 703	3 066	-99.90%
Inventory	1 400 000	281 914	1 681 914	1 681 914	1 678 095	-0.23%
Total Current Assets	67 015 015	9 074 019	76 089 034	76 089 034	121 760 069	60.02%
Non-Current Assets						
Investment Property	65 860 648	(2 526 802)	63 333 846	63 333 846	66 516 491	5.03%
Property, Plant and Equipment	684 729 003	33 137 681	717 866 684	717 866 684	757 675 010	5.55%
Intangible Assets	417 831	428 553	846 384	846 384	1 183 541	39.83%
Other Non-Current Assets	-	19 632 055	19 632 055	19 632 055	13 774 345	-29.84%
Total Non-Current Assets	751 007 482	50 671 487	801 678 969	801 678 969	839 149 387	4.67%
TOTAL ASSETS	818 022 497	59 745 506	877 768 003	877 768 003	960 909 456	9.47%
LIABILITIES						
Current Liabilities						
Borrowing	10 100 789	7 000 000	17 100 789	17 100 789	15 676 013	-8.33%
Consumer Deposits	7 500 000	1 083 509	8 583 509	8 583 509	9 203 729	7.23%
Trade and Other Payables	37 500 000	20 423 378	57 923 378	57 923 378	68 453 785	18.18%
Provisions	40 254 365	(18 662 124)	21 592 241	21 592 241	22 054 918	2.14%
Total Current Liabilities	95 355 154	9 844 763	105 199 917	105 199 917	115 388 445	9.68%
Non-Current Liabilities						
Borrowing	46 774 841	12 616 580	59 391 421	59 391 421	44 863 279	-24.46%
Provisions	169 488 229	(7 016 311)	162 471 918	162 471 918	178 579 818	9.91%
Total Non-Current Liabilities	216 263 070	5 600 269	221 863 339	221 863 339	223 443 097	0.71%
TOTAL LIABILITIES	311 618 224	15 445 032	327 063 256	327 063 256	338 831 542	3.60%
NET ASSETS						
Accumulated Surplus/(Deficit)	506 404 273	44 300 474	550 704 747	550 704 747	622 077 913	12.96%
TOTAL NET ASSETS	46.02 506 404 273	44 300 474	550 704 747	550 704 747	622 077 913	12.96%

OUDTSHOORN LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	2018 R	%
REVENUE						
Property Rates	83 693 738	(2 602 758)	81 090 980	81 090 980	81 990 053	1.11%
Service Charges - Electricity Revenue	229 535 217	(7 837 117)	221 698 100	221 698 100	214 664 901	-3.17%
Service Charges - Water Revenue	72 690 513	(9 334 413)	63 356 100	63 356 100	63 730 109	0.59%
Service Charges - Sanitation Revenue	35 700 492	(4 806 492)	30 894 000	30 894 000	31 125 665	0.75%
Service Charges - Refuse Revenue	23 844 934	(7 539 334)	16 305 600	16 305 600	16 709 630	2.48%
Rental of Facilities and Equipment	1 638 484	(156 384)	1 482 100	1 482 100	3 453 170	132.99%
Interest Earned - External Investments	2 756 793	1 779 452	4 536 245	4 536 245	5 454 131	20.23%
Interest Earned - Outstanding Debtors	6 603 600	99 923	6 703 523	6 703 523	6 949 384	3.67%
Fines	11 895 500	(10 516 680)	1 378 820	1 378 820	1 611 434	16.87%
Licences and Permits	18 196 143	(18 196 143)	-	-	-	0.00%
Agency Services		4 555 961	4 555 961	4 555 961	4 569 746	0.30%
Transfers Recognised - Operational	108 062 000	15 922 527	123 984 527	123 984 527	113 150 212	-8.74%
Other Revenue	22 627 424	2 638 504	25 265 928	25 265 928	30 606 683	21.14%
Gains on Disposal of PPE		434 647	434 647	434 647	(1 835 833)	-522.37%
Total Revenue (excluding capital transfers and contributions)	617 244 838	(35 558 306)	581 686 532	581 686 532	572 179 284	-1.63%
EXPENDITURE						
Employee Related Costs	214 343 900	17 139 509	231 483 409	231 483 409	215 633 043	-6.85%
Remuneration of Councillors	10 590 700	(319 146)	10 271 554	10 271 554	10 022 284	-2.43%
Debt Impairment	24 381 698	(53 232 258)	(28 850 560)	(28 850 560)	(10 131 444)	-64.88%
Depreciation and Asset Impairment	24 491 400	331 070	24 822 470	24 822 470	40 084 855	61.49%
Finance Charges	6 928 947	10 166 277	17 095 224	17 095 224	17 135 350	0.23%
Bulk Purchases	155 079 687	(1 000 000)	154 079 687	154 079 687	147 637 240	-4.18%
Other Materials		21 719 301	21 719 301	21 719 301	12 626 068	-41.87%
Contracted Services	30 154 500	(11 341 500)	18 813 000	18 813 000	21 396 094	13.73%
Transfers and Grants	850 000	350 000	1 200 000	1 200 000	2 697 142	124.76%
Other Expenditure	196 248 168	(35 109 239)	161 138 929	161 138 929	116 587 528	-27.65%
Loss on Disposal of PPE		-	-	-	-	
Total Expenditure	663 069 000	(51 295 986)	611 773 014	611 773 014	573 688 158	-6.23%
Surplus/(Deficit)	(45 824 162)	15 737 680	(30 086 482)	(30 086 482)	(1 508 874)	-94.98%
Transfers Recognised - Capital	35 062 000	26 455 052	61 517 052	61 517 052	53 737 290	-12.65%
Surplus/(Deficit) for the year	46.03 (10 762 162)	42 192 732	31 430 570	31 430 570	52 228 416	66.17%

OUDTSHOORN LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Final Budget	Actual Outcome 2018	Actual Outcome as % of Final Budget
		R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates		81 182 926	(76 374)	81 106 552	81 106 552	81 990 053	1.09%
Service Charges		350 918 021	(24 970 566)	325 947 455	325 947 455	354 546 410	8.77%
Other Revenue		54 357 552	(21 674 743)	32 682 809	32 682 809	31 668 058	-3.10%
Government - Operating		108 062 000	15 922 528	123 984 528	123 984 528	113 150 212	-8.74%
Government - Capital		35 062 000	26 455 052	61 517 052	61 517 052	53 737 290	-12.65%
Interest		9 360 393	1 549 188	10 909 580	10 909 580	12 403 515	13.69%
Dividends			-		-	-	0.00%
Payments							
Suppliers and Employees		(585 845 755)	21 167 428	(564 678 327)	(564 678 327)	(496 151 198)	-12.14%
Finance costs		(6 928 947)	(10 163 777)	(17 092 724)	(17 092 724)	(17 135 350)	0.25%
Transfers and Grants		(850 000)	(350 000)	(1 200 000)	(1 200 000)	(2 697 142)	124.76%
Net Cash from/(used) Operating Activities		45 318 189	7 858 735	53 176 924	53 176 924	131 511 849	147.31%
CASH FLOW FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE			434 647	434 647	434 647	434 647	0.00%
Payments							
Capital Assets		(37 235 842)	(29 441 549)	(66 677 391)	(66 677 391)	(56 860 491)	-14.72%
Net Cash from/(used) Investing Activities		(37 235 842)	(29 006 901)	(66 242 743)	(66 242 743)	(56 425 844)	-14.82%
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts							
Increase/(Decrease) in Consumer Deposits			468 191	468 191	468 191	720 916	53.98%
Payments							
Repayment of Borrowing		(10 100 789)	(9 899 211)	(20 000 000)	(20 000 000)	(32 825 330)	64.13%
Net Cash from/(used) Financing Activities		(10 100 789)	(9 431 020)	(19 531 809)	(19 531 809)	(32 104 414)	64.37%
NET INCREASE/(DECREASE) IN CASH HELD		(2 018 442)	(30 579 187)	(32 597 628)	(32 597 628)	42 981 592	-231.85%
Cash and Cash Equivalents at the year begin:		29 924 198	42 891 754	72 815 951	72 815 951	27 815 944	-61.80%
Cash and Cash Equivalents at the year end:	46.04	27 905 756	12 312 567	40 218 323	40 218 323	70 797 536	76.03%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the ASB.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible Assets where the acquisition cost of an asset could not be determined.

"If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or a heritage asset, an entity may estimate such fair value using:

- (a) Depreciated replacement cost at the measurement date for an item of property, plant and equipment;
- (b) Depreciated replacement cost at the measurement date for an investment property, but only if the investment property is of such a specialised nature that there is no market-based evidence of fair value; and
- (c) Replacement cost at the measurement date for heritage assets."

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. This is as per the requirement of GRAP1.49. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not necessarily correlate with the auditor's materiality.

1.6. PRESENTATION OF BUDGET INFORMATION

Budget information required in terms of GRAP 24 have been disclosed in the financial statements. The presentation of budget information was prepared in accordance with the guidelines issued by the ASB.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The entity thus prepared a separate Statement of Comparison of Budget and Actual Amounts has been disclosed in the notes to the Annual Financial Statements in accordance with GRAP 24. Where needed, a reconciliation was prepared of the actual amounts on a comparable basis to the actual amounts presented in the financial statements. Where applicable a reason has been supplied where variances between actual and budget information is considered material.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed in terms of Directive 5 for municipalities until the Minister of Finance has determined an effective date for the accounting standard.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
GRAP 20	<p>Related Party Disclosures</p> <p>The objective of this Standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>Information to a large extent is already included in the notes to the annual financial statements.</p>	1 April 2019
GRAP 32	<p>Service Concession Arrangements: Grantor</p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.</p> <p>No significant impact is expected as the entity does not participate in significant concession transactions.</p>	1 April 2019
GRAP 108	<p>Statutory receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p>	1 April 2019

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	Information to a large extent is already included in the notes to the annual financial statements.	
GRAP 110	<p>Living and non-living resources</p> <p>The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future</p>	1 April 2019
GRAP 109	<p>Accounting by Principles and Agents</p> <p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019

1.8 LEASES

1.8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at an amount equal to the fair value of the leased asset or, if lower, the present value of the sum of the minimum lease payments due in terms of the lease agreement. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease assets.

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1.8.2 *Municipality as Lessor*

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease, and differences are recognised as operating lease liabilities.

1.9 GOVERNMENT GRANTS AND RECEIPTS

1.9.1 *Unspent Conditional Government Grants and Receipts*

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9.2 *Unpaid Conditional Government Grants and Receipts*

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that

it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.10 UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.11 PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

1.12 EMPLOYEE BENEFITS

(a) Post-Retirement Medical Benefits

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

(c) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and on the total remuneration package of the employee. Leave is non-vesting as per GRAP 25.14.

(d) Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrued to Section 57 employees.

(e) Pension and Retirement Fund Obligations

The municipality provides retirement benefits for its employees and councillors. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans. (see note 3.3 in the Financial Statements in this regard)

(f) Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired are initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation methods are reviewed at each year end when there is an indication that the municipality's expectations have changed since the prior year, with the effect of any changes in estimate accounted for on a prospective basis.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since shall be reviewed at least at each the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In carrying out this assessment, the entity considers the following indicators as listed in the Standard (although this is not an exhaustive list) to determine whether the expected useful life and/or residual value has changed:

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(a) The composition of the asset changed during the reporting period, i.e. the significant components of the asset changed.

(b) The use of the asset has changed, because of the following:

- The entity has changed the manner in which the asset is used.
- The entity has changed the utilisation rate of the asset.
- The entity has made a decision to dispose of the asset in a future reporting period(s) such that this decision changes the expected period over which the asset will be used.
- Technological, environmental, commercial or other changes that occurred during the reporting period that have, or will, change the use of the asset.
- Legal or similar limits placed on the use of the asset have changed.
- The asset was idle or retired from use during the reporting period.

c) The asset is approaching the end of its previously expected life.

d) Planned repairs and maintenance on, or refurbishments of, the asset and/or its significant components either being undertaken or delayed.

e) Environmental factors, e.g. increased rainfall or humidity, adverse changes in temperatures or increased exposure to pollution.

f) There is evidence that the condition of the asset improved or declined based on assessments undertaken during the reporting period. This is based on any condition assessments undertaken by the entity on its assets during the reporting period in accordance with the Asset Management Plan of the entity.

In assessing whether the condition of an asset has improved or declined, the stage of the asset's lifecycle is considered by the entity. As assets age, a certain level of deterioration is expected. It is only where a decline in the condition is above what is expected, would a thorough analysis of the impact on the useful life of the asset be required. The same applies if an asset is in a better condition than expected.

g) The asset is assessed as being impaired in accordance with the Standards of GRAP on Impairment of Cash-generating Assets and impairment of non-cash-generating assets.

In assessing whether there is any indication that the expected residual value of an asset has changed, the entity considers whether there has been any change in the expected timing of disposal of the asset, as well as any relevant indicators included above.

The annual depreciation rates are based on the following estimated useful lives:

	EUL
Land and Buildings	
Land	-
Buildings	
Infrastructure	
Electricity	20 - 50
Water Supply	7 - 100
Sanitation	7 - 100

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Roads & Storm water	10 - 80
Solid Waste	55
Community Assets	
Libraries	15 - 30
Civic Buildings	15 - 30
Recreational Facilities	5 - 60
Cemeteries	15 - 30
Lease Assets	
Vehicles and Office Equipment	3 – 5
Other Assets	
Office Equipment	4 - 31
Furniture & Fittings	5 - 20
Motor vehicles	4 - 55
Emergency Equipment	6 - 13
Computer Equipment	5 - 26
Workshop Equipment and Tools	4 - 31
Trucks	5 – 58

Finance lease assets are depreciated over the shortest period of the useful life of the asset or the term of the finance lease agreement.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.13.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13.5 Land and Buildings and Other Assets – Application of Deemed Cost (Directive 7)

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.14 INTANGIBLE ASSETS

1.14.1 Initial Recognition

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An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

1.14.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5
Computer Software Licences	5
Storm Water Master Plan	20

1.14.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14.5 Application of deemed cost (Directive 7)

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets, the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2007.

1.15. INVESTMENT PROPERTY

1.15.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and / or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less any accumulated depreciation and any accumulated impairment losses. Land is

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not depreciated as it is deemed to have an indefinite useful life. Buildings are depreciated over 100 years.

1.15.3 *De-recognition*

Investment property is derecognised when it is disposed of or when there are no further economic benefits or service potential expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.4 *Application of deemed cost - Directive 7*

The municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.16. HERITAGE ASSETS

1.16.1 *Initial Recognition*

Heritage assets shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the heritage asset will flow to the entity, and
- the cost or fair value of the heritage asset can be measured reliably.

For the heritage asset to be recognised in accordance with the criteria above, it needs to be controlled by the entity as a result of past events. Even though the entity may be restricted from disposing of a heritage asset based on a stipulation imposed by, for example, a trust, statute or law, or from the transferor's stipulations, the heritage asset is still controlled by the entity when it is able to generate future economic benefits or service potential from the asset. Accordingly, the entity recognises the heritage asset when the recognition criteria are met.

Future economic benefits or service potential flowing from a heritage asset may include revenue, for example an entrance fee charged by a museum. The revenue generated by the entity under such circumstances is normally insignificant compared to the operating costs of the museum and will not result in accounting for the heritage asset as an investment property. The revenue generated is rather used towards the maintenance of the heritage asset. The heritage asset should, however, be accounted for in terms of this Standard as the heritage value attached to the specific asset constitutes its service potential.

If an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

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A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

1.16.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, heritage assets are measured at cost less any accumulated impairment losses.

1.16.3 De-recognition

Heritage assets are derecognised when it is disposed of or when there are no further economic benefits expected from the use of the heritage assets. The gain or loss arising on the disposal or retirement of an item of heritage asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and

the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

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1.17.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using the following approach:

- *Depreciated Replacement Cost Approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

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1.18 INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.19 INVENTORIES

1.19.1 *Initial Recognition*

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business, unless they are to be distributed. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method. Cost of land held for sale is assigned by using specific identification of their individual costs.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1. 20.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1. 20.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1. 20.2.1 Receivables

Receivables are classified as financial instruments at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset

in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1. 20.2.2 Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1. 20.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1. 20.3 De-recognition of Financial Instruments

1. 20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired or settled/waved; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and / or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1. 20.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1. 20.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.21 REVENUE

1.21.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fines are recognised as revenue when the receivables meet the definition of an asset and satisfy the criteria for recognition as an asset. Fines are initially measured at its' fair value at the date of acquisition, which is the best estimate of the inflow of economic benefits. The probability of non-payment is not considered at initial recognition. The non-payment of fines is estimated at subsequent measurement with reference to historical data and payment trend analysis. Any impairment loss is recognised in surplus / deficit.

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Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed/Donated property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Government incentives received is recognised when it is received as there are no conditions to be met.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore, the substance of these transactions indicates that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, because of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.21.2 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.21.3 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from exchange transactions is only recognised once all the following criteria have been satisfied:

- (a) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (b) The amount of revenue can be measured reliably; and
- (c) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue from Admission Fees is recognised on admission date.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services. The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the municipality.

1.22 BORROWING COST

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.23 RELATED PARTIES

The municipality has used the disclosure requirements as per GRAP 20 to formulate this accounting policy and is summarised as follows.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and

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operating decisions or if the related party entity and another entity are subject to common or joint control.

(a) Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

(b) Key management personnel include:

- All members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure recovered is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.28 CONTINGENT ASSET

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Management judgement is required when recognising and measuring contingent assets.

1.29 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-Retirement Medical Obligations, Long Service Awards and Ex Gratia Gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Effective interest rate

The municipality used the most relevant contractual risk rate applicable to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Capitalised Restoration Costs

Capital Restoration Cost is the asset value of the Landfill Site Provision, and will be separately disclosed on the Statement of Financial Position.

This forms part of Non-Current Assets, and will be treated in terms of GRAP 17, cost model. The useful lives will be managements estimate.

Refer to note 1.29 Provision for Landfill Sites.

Provisions and Contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Revenue Recognition

Accounting Policy 1.22.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.22.3 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Refer to note 1.29 Capitalised Restoration Costs.

Provision for Performance Bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Provision for Staff Leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Pre-Paid Electricity Estimation

Pre-paid electricity is only recognised as revenue once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation Of Infrastructure Assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.30 TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date and is disclosed inclusive of VAT.

1.32 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.33 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
2	PROPERTY, PLANT AND EQUIPMENT		
	<u>See attached sheet</u>		
	page 39		
	page 40		
	page 41		
		2018 R	2017 R
2.1	Property, Plant and Equipment which is in the process of being constructed or developed:		
	Infrastructure Assets	47 579 980	63 002 353
	Roads	-	26 444 010
	Storm Water	1 702 182	58 371
	Electricity	17 139 625	1 484 554
	Water Supply	23 029 952	13 487 156
	Sanitation	-	16 548 475
	Solid Waste	5 708 221	4 979 787
	Community Assets	134 716	
	Total Property, Plant and Equipment under construction	47 714 696	63 002 353
		2018 R	2017 R
2.2	Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		
	Infrastructure Assets	53 532 961	53 532 961
	Water Supply	53 532 961	53 532 961
	Total	53 532 961	53 532 961
		2018 R	2017 R
2.3	Expenditure incurred to repair and maintain Property, Plant and Equipment:		
	Employee related costs	-	2 440 552
	Inventory Consumed	7 854 255	5 084 725
	Contracted Services	8 056 039	2 168 881
	Operational Cost	11 746	6 575 995
	Total Repairs and Maintenance	15 922 040	16 270 153
2.4	Impairment losses of Property, Plant and Equipment		
	Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
	Community Assets	-	667 327
	Correction of error as per note 40.01	-	(667 327)
	Other	-	8 957 652
	Correction of error as per note 40.01	-	(8 842 944)
	Total Impairment Losses	-	114 708
		2018 R	2017 R
2.5	Reversal of Impairment losses of Property, Plant and Equipment		
	Reversal of Impairment losses on Property, Plant and Equipment recognised in statement of financial performance are as follows:		
	Other	114 708	-
	Total Reversal of Impairment losses	114 708	-
		2018 R	2017 R
2.6	Contractual commitments for acquisition of Property, Plant and Equipment:		
	Approved and contracted for:	13 425 089	6 530 248
	Infrastructure	13 425 089	6 530 248
	Total	13 425 089	6 530 248
		2018 R	2017 R
	This expenditure will be financed from:		
	Government Grants	13 425 089	6 530 248
	Total	13 425 089	6 530 248

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost/Valuation
Correction of Error - Note 40.01(p)
Accumulated Depreciation
Correction of Error - Note 40.01(q)

Additions
Depreciation for the year
Correction of Error - Note 40.01 (r)
Impairment loss
Correction of Error - Note 40.01(n)

Net Carrying amount at 30 June

Cost/Valuation
Accumulated Depreciation

2018
R

2017
R

68 037 193

69 688 649

84 601 654
-
(16 564 460)
-

79 095 200
5 506 454
(14 624 703)
(288 302)

130 752
(1 651 455)
-
-
-

(259 640)
(1 391 816)
(877 011)
877 011

66 516 491

68 037 193

84 732 406
(18 215 916)

84 601 654
(16 564 460)

2018
R

2017
R

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Estimate Fair Value of Investment Property at 30 June

66 516 491

68 037 193

3.1 Revenue from Investment Property

Revenue derived from the rental of Investment Property

2018
R

2017
R

3 453 170

3 341 693

3.2 Operating Expenditure incurred on properties:

Revenue Generating

Improved Property

Total Operating Expenditure

Repairs and Maintenance

Repairs and Maintenance

254 543

143 588

254 543

143 588

254 543

143 588

2018
R

2017
R

4. INTANGIBLE ASSETS

Net Carrying amount at 1 July

Cost
Accumulated Amortisation

Additions
Amortisation

Net Carrying amount at 30 June

Cost
Accumulated Amortisation

2018
R

2017
R

421 384

283 209

1 578 627
(1 157 243)

1 319 756
(1 036 547)

950 314
(188 157)

258 871
(120 696)

1 183 541

421 384

2 528 942
(1 345 400)

1 578 627
(1 157 243)

2018
R

2017
R

4.1 Material Intangible Assets included in the carrying value:

Description	Remaining Amortisation Period
Software	5

Carrying Value

1 183 541

421 384

1 183 541

421 384

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
5. HERITAGE ASSETS		
Net Carrying amount at 1 July	13 774 345	13 774 345
Cost	13 774 345	13 774 345
Net Carrying amount at 30 June	13 774 345	13 774 345
Cost	13 774 345	13 774 345
There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.		
There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.		
There are no Heritage Assets pledged as security for liabilities		
There are no Heritage Assets that are used by the municipality for more than one purpose.		
The following Heritage Assets were identified, but no value could be assigned:		
<u>Rust en Vrede Waterfall</u>		
The Rust & vrede Waterfall is engraved into the heart of the Swartberg Mountain. The Waterfall is situated on a scenic detour branching off the R328, 18km from Oudtshoorn on the way to the Congo Caves on erf 25. It is classified as a heritage asset controlled and owned by the Municipality.		
From this waterfall, Oudtshoorn acquires its water supply which is carried by a pipeline, 35 km in length, to the town reservoir and the Raubenheimer Dam.		
The Rust and Vrede Waterfall is an asset that was not purchased or contributed. It could not be reliably measured as this is not a manmade structure and no market value exists as this is a unique natural landmark. This asset lacks comparability to other assets in the municipality. The cash flow method could not be used to obtain a value, as it is impractical to place a value on a natural landmark.		
<u>Herrie's Stone, Meiringspoort, Oudtshoorn District</u>		
The Afrikaans writer, C J Langenhoven, chiselled the name of the well-known elephant 'Herrie', from his book 'Sonde met die Bure', on this rock in July 1929.		
This has been declared as a Heritage Site.		
This heritage asset's value could not be reliably measured as it was not purchased nor is there an active market for it and there is no alternative method for valuating this heritage asset.		
The following Heritage Assets were identified and measured in terms of GRAP:		
<u>Congo Caves</u>		
This famous attraction is situated in the Congo ward 29 km north of Oudtshoorn and situated on erf 28. It is classified as a heritage asset and controlled by the Municipality.	11 796 645	11 796 645
The entrance is in the face of a hill beside the Grobbelaar's River. The maxe of caves with their beautiful stalactite formations are most impressive. It is generally accepted that the caves were discovered in 1780 by a herdsman of a farmer called Van Zyl of Doornrivier, while he was looking for lost cattle.		
<u>CP Nel Museum Building</u>		
The building reflects a late Victorian Colonial style of a classical building and dates from about 1909 and for some half a century served as a boys' school. In 1980 the building complex was declared a National Monument and is owned by the Municipality.	1 940 000	1 940 000
<u>Mayoral Chains</u>		
The municipality has two mayoral chains which are kept in a safe at the main building.	37 700	37 700
	2018 R	2017 R
5.1 Expenditure incurred to repair and maintain Heritage Assets:		
Inventory Consumed	194 484	180 815
Contracted Services	140 052	144 189
Total Repairs and Maintenance	334 536	325 004

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6.	CAPITALISED RESTORATION COST	2018 R	2017 R
	Net Carrying amount at 1 July		
		7 058 777	7 693 148
	Cost	11 527 893	11 527 893
	Accumulated Depreciation	(4 469 116)	(7 063 960)
	Correction of error note 40.1 (j)		3 229 215
	Movement		
		(634 371)	(634 371)
	Change in estimate		1 286 429
	Correction of error note 40.1 (k)		(1 286 429)
	Depreciation for the year	(634 371)	(596 308)
	Correction of error note 40.1 (k)		(38 063)
	Net Carrying amount at 30 June		
	Cost	6 424 407	7 058 777
	Accumulated Depreciation	(5 103 487)	(4 469 116)

7.	INVENTORY	2018 R	2017 R
	Maintenance Materials - At cost	1 236 173	1 419 578
	Water – at cost	441 923	287 126
	Provision for obsolete stock	-	(119 993)
	Total Inventory	1 678 095	1 586 711
	Provision for obsolete stock:		
	Maintenance materials not in use / unusable.	-	119 993

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

	2018 R	2017 R
Inventories recognised as an expense during the year:		
Consumables	4 265 141	2 734 482
Materials and supplies	8 360 926	4 285 634
Total	12 626 068	7 020 115

No inventories were pledged as security for liabilities.

8.	RECEIVABLES FROM EXCHANGE TRANSACTIONS	2018 R	2017 R
	Electricity	19 972 192	19 526 342
	Water	25 396 161	25 932 975
	Property Rentals	590	589
	Waste Management	11 470 886	13 428 532
	Waste Water Management	13 479 941	14 670 153
	Units not billed	6 718 541	5 246 567
	Water and Sanitation Service Authority	-	-
	Klein Karoo Water Scheme	3 362 475	5 526 402
	Legal Fees Recovery	727 184	1 225 968
	Sundry municipal charges	5 816 667	6 075 452
	Prepaid expenditure	17 529	25 124
	Other	25 953	25 953
	Correction of error note 40.1 (e)	-	318 882
	Total: Receivables from exchange transactions (before provision)	86 988 119	92 002 939
	Less: Provision for Debt Impairment	(47 777 162)	(51 880 376)
	Total: Receivables from exchange transactions (after provision)	39 210 957	40 122 563

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

	2018 R	2017 R
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	10 969 945	12 256 911
31 - 60 Days	1 038 355	471 752
61 - 90 Days	544 730	379 545
+ 90 Days	7 419 163	6 418 134
Total	19 972 192	19 526 342
	2018 R	2017 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	4 931 866	5 805 883
31 - 60 Days	1 262 767	892 343
61 - 90 Days	1 274 626	858 311
+ 90 Days	17 926 902	18 376 437
Total	25 396 161	25 932 975
	2018 R	2017 R
<u>(Property Rentals): Ageing</u>		
Current (0 - 30 days)		
31 - 60 Days		
61 - 90 Days		
+ 90 Days	590	589
Total	590	589
	2018 R	2017 R
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	1 463 600	1 595 432
31 - 60 Days	554 677	339 414
61 - 90 Days	260 687	298 681
+ 90 Days	9 191 921	11 195 005
Total	11 470 886	13 428 532
	2018 R	2017 R
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	2 277 087	2 242 933
31 - 60 Days	638 687	379 542
61 - 90 Days	310 572	334 654
+ 90 Days	10 253 595	11 713 025
Total	13 479 941	14 670 153
	2018 R	2017 R
<u>(Units not billed Water and Electricity): Ageing</u>		
Current (0 - 30 days)	6 718 541	5 246 567
Total	6 718 541	5 246 567
	2018 R	2017 R
<u>(Klein Karoo Water Scheme): Ageing</u>		
Current (0 - 30 days)	437 093	496 621
31 - 60 Days	240 274	300 729
61 - 90 Days	146 077	129 205
+ 90 Days	2 539 032	4 599 846
Total	3 362 475	5 526 402

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<u>(Legal Fees Recovery): Ageing</u>		
+ 90 Days	727 184	1 225 968
Total	727 184	1 225 968
	2018	2017
<u>(Sundry municipal charges): Ageing</u>		
Current (0 - 30 days)	568 243	990 641
31 - 60 Days	387 105	72 063
61 - 90 Days	139 972	82 266
+ 90 Days	4 721 347	4 930 483
Total	5 816 667	6 075 452
	2018	2017
<u>(Prepaid expenditure): Ageing</u>		
Current (0 - 30 days)	17 529	25 124
Total	17 529	25 124
	2018	2017
<u>(Other): Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 Days	289	-
61 - 90 Days	-	-
+ 90 Days	25 664	25 953
Total	25 953	25 953
	R	R
<u>(Total): Ageing</u>		
Current (0 - 30 days)	27 383 906	28 660 111
31 - 60 Days	4 122 153	2 455 843
61 - 90 Days	2 676 664	2 082 663
+ 90 Days	52 805 397	58 485 440
Total	86 988 119	91 684 057

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2018				
Current (0 - 30 days)	592 871	17 946 928	5 831 114	2 995 463
31 - 60 Days	268 365	3 173 860	642 116	37 812
61 - 90 Days	174 557	2 262 525	210 301	29 281
+ 90 Days	4 756 335	45 189 554	2 423 641	435 877
Total debtors by customer classification	5 792 127	68 572 868	9 107 173	3 498 432

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2017				
Current (0 - 30 days)	6 143 829	12 692 289	7 215 245	2 608 746
31 - 60 Days	284 827	1 921 402.27	177 807	71 806
61 - 90 Days	257 969	1 638 978	117 330	68 385
+ 90 Days	6 348 404	49 678 783	2 103 731	354 523
Total debtors by customer classification	13 035 030	65 931 453	9 614 112	3 103 460

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	51 880 376	60 280 062
Contribution to provision	19 532 892	2 653 684
Bad Debts Written Off	(23 636 106)	(11 053 371)
Reversal of provision		
Balance at end of year	47 777 162	51 880 376
	2018 R	2017 R
The total amount of this provision is R47 777 162 and consist of:		
Services	47 777 162	51 880 376
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	47 777 162	51 880 376
	2018 R	2017 R
<u>Ageing of amounts past due but not impaired:</u>		
Service Debtors	11 827 051	11 143 570
	11 827 051	11 143 570

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

9.		2018 R	2017 R
	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Taxes - Rates	20 036 542	17 736 747
	Fines	6 115 583	15 393 280
	Suspense Debtors	1 195 159	1 778 809
	Correction of error note 40.01(c)	-	(36 574)
		27 347 284	34 872 262
	Less: Provision for Debt Impairment	(17 276 870)	(23 305 100)
	Total Receivables from non-exchange transactions	10 070 415	11 567 163

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	5 742 698	4 570 734
31 - 60 Days	1 060 205	409 270
61 - 90 Days	717 441	340 274
+ 90 Days	12 516 199	12 416 469
Total	20 036 542	17 736 747

<u>(Fines): Ageing</u>		
Current (0 - 30 days)	29 100	691 910
31 - 60 Days	117 350	1 287 500
61 - 90 Days	61 550	1 034 190
+ 90 Days	5 907 583	12 379 680
	6 115 583	15 393 280

Summary of Debtors (Rates) by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2018				
Current (0 - 30 days)	34 847	5 376 087	314 501	17 263
31 - 60 Days	4 411	1 012 895	30 323	12 577
61 - 90 Days	2 021	681 885	20 350	13 184
+ 90 Days	7 343 840	12 035 637	383 945	63 517
Total debtors by customer classification	7 385 118	19 106 504	749 119	106 541

Summary of Debtors (Rates) by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2017				
Current (0 - 30 days)	942 625	4 069 772	170 980	79 267
31 - 60 Days	1 342 764	347 369	6 555	83
61 - 90 Days	1 080 818	287 732	5 913	-
+ 90 Days	15 156 563	9 946 077	265 343	1 170 402
Total debtors by customer classification	18 522 770	14 650 950	448 790	1 249 752

	2018 R	2017 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	23 305 100	22 080 758
Contribution to provision	5 783 148	11 402 052
Bad Debts Written Off	(11 811 378)	(10 177 710)
Reversal of provision		
Balance at end of year	17 276 870	23 305 100

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
The total amount of this provision is R17 276 870 and consist of:		
Rates	11 725 113	10 436 315
Fines	4 853 789	12 487 582
Other	697 968	381 203
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	17 276 870	23 305 099

	2018 R	2017 R
<u>Ageing of amounts past due but not impaired:</u>		
Rates	2 568 731	2 729 698
Fines	1 232 695	2 213 788
	3 801 426	4 943 486

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2018 R	2017 R
10 OPERATING LEASE ARRANGEMENTS		
10.1 The Municipality as Lessor		
Operating Lease Asset	3 066	8 181

Reconciliation

Balance at the beginning of the year	8 181	32 067
Movement during the year	(5 115)	(23 886)
Balance at the end of the year	3 066	8 181

	2018 R	2017 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	59 913	75 121
1 to 5 Years	7 503	67 417
More than 5 Years	-	-
Total Operating Lease Arrangements	67 417	142 537

This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for several purposes.

	2018 R	2017 R
11. CASH AND CASH EQUIVALENTS		
11.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	-	-
Call Deposits and Investments	63 354 881	23 517 914
Primary Bank Account	7 404 795	4 260 215
Cash On-hand	37 860	37 815
Total Cash and Cash Equivalents - Assets	70 797 536	27 815 944

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R9 695 215 are held to fund the Unspent Conditional Grants (2018: R9 695 215).

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The municipality has the following bank accounts:

Primary Accounts

ABSA Bank-Account Number 4085827851 (Primary Bank Account)	5 619 053	2 437 952
ABSA Bank-Account Number 4085372149 (Primary Bank Account)	1 414 589	1 516 478
ABSA Bank-Acc. 4085866467 (Primary Bank Account - CAVES)	256 301	151 764
ABSA Bank-Account Number 4085866522 (KKLWS)	11 839	7 077
ABSA Bank-Account Number 4085866271 (Traffic Account)	103 013	146 944
	7 404 795	4 260 215

Call Deposits and Investments

Nedbank Account no 03 / 7881001143/ 129	-	4 250 554
Nedbank Account no 03 / 7881019344 / 29	97 123	91 028
Nedbank Account no 03 / 7881001143 / 130	-	536 077
Nedbank Account no 03 / 7881001143 / 131	-	2 037 092
Nedbank Account no 03 / 7881001143 / 137	-	2 145 136
Nedbank Account no 03/7881001143-161	6 500 000	-
Nedbank Account no 03/7881001143/176	31 795	-
Nedbank Account no 03/7881001143/176	32 334	-
Nedbank Account no 03/7881001143/177	570 911	-
Nedbank Account no 03/7881001143/178	2 284 525	-
Nedbank Account no 03/7881001143/179	2 169 460	-
Nedbank Account no 03/7881001143/180	4 545 622	-
Standard Account no 288835379001	-	1 405 191
Standard Account no 288835379002	-	1 493 261
Standard Account no 288835379003	-	2 120 646
Standard Account no 288835379005	-	2 082 121
Standard Account no 288835379009	6 163 786	-
Standard Account no 288835379010	15 946 505	-
Investec account no 1400-171058-500	16 415 115	7 327 592
Investec account no 1400-171058 501	8 597 713	-
ABSA Account no 2059299848	-	7 848
ABSA Account no 2065374806	-	17 348
ABSA Account no 55975057735	-	4 020
	63 354 887	23 517 914

Details of current accounts are as follow:

ABSA Bank-Account Number 4085827851 (Primary Bank Account)

Cash book balance at beginning of year	2 437 952	1 128 563
Cash book balance at end of year	5 619 053	2 437 952
Bank statement balance at beginning of year	2 442 044	1 186 068
Bank statement balance at end of year	5 619 053	2 442 044

ABSA Bank-Account Number 4085372149 (Primary Bank Account)

Cash book balance at beginning of year	1 516 478	500 673
Cash book balance at end of year	1 414 589	1 516 478
Bank statement balance at beginning of year	50 000	50 000
Bank statement balance at end of year	50 000	50 000

ABSA Bank-Acc. 4085866467 (Primary Bank Account - CAVES)

Cash book balance at beginning of year	151 764	1 411 504
Cash book balance at end of year	256 301	151 764
Bank statement balance at beginning of year	151 764	1 411 504
Bank statement balance at end of year	203 501	151 764

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
ABSA Bank-Account Number 4085866271 (Traffic Account)		
Cash book balance at beginning of year	146 944	150 393
Cash book balance at end of year	103 013	146 944
Bank statement balance at beginning of year	146 944	150 393
Bank statement balance at end of year	103 013	146 944
ABSA Bank-Account Number 4085866522 (KKLWS)		
Cash book balance at beginning of year	7 077	203 422
Cash book balance at end of year	11 839	7 077
Bank statement balance at beginning of year	7 707	209 965
Bank statement balance at end of year	11 839	7 707
	2018 R	2017 R
12 LONG TERM BORROWINGS		
Annuity Loans - At amortised cost	50 787 593	59 717 075
Agreements with suppliers - At amortised cost	-	18 834 732
Financial Leases	9 751 699	13 621 090
	60 539 292	92 172 897
Less: Current Portion transferred to Current Liabilities	(15 676 013)	(31 781 484)
Annuity Loans - At amortised cost	(9 844 931)	(8 929 482)
Agreements with suppliers - At amortised cost	-	(17 952 411)
Capitalised Lease Liability - At amortised cost	(5 831 082)	(4 899 591)
Total Long-term Borrowings - At amortised cost using the effective interest rate method	44 863 279	60 391 413
	2018 R	2017 R
12.1 The obligations under annuity loans are scheduled below:	Minimum payments	
Amounts payable under annuity loans:		
Payable within one year	14 998 075	15 096 430
Payable within two to five years	48 181 567	60 504 106
Payable after five years	2 808 790	5 484 326
	65 988 432	81 084 862
Less: Future finance obligations	(15 200 840)	(21 367 787)
Present value of annuity loans obligations	50 787 593	59 717 075
	2018 R	2017 R
12.2 The obligations under agreements with suppliers are scheduled below:	Minimum payments	
Amounts payable under agreements with suppliers:		
Payable within one year	-	18 419 967
Payable within two to five years	-	891 807
	-	19 311 774
Less: Future finance obligations	-	(477 041)
Present value of agreements with suppliers	-	18 834 732
	2018 R	2017 R
12.3 The obligations under financial vehicle leasing are scheduled below:	Minimum payments	
Amounts payable under hire purchases:		
Payable within one year	6 684 318	6 094 702
Payable within two to five years	3 955 427	9 514 734
	10 639 746	15 609 436
Less: Future finance obligations	(890 525)	(1 988 338)
Present value of hire purchases obligations	9 749 221	13 621 098

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
13 NON-CURRENT PROVISIONS		
Provision for Rehabilitation of Landfill-sites	63 215 270	54 260 486
Total Non-current Provisions	63 215 270	54 260 486
	2018 R	2017 R
13.1 Landfill Sites		
Balance 1 July	54 260 486	47 253 522
Contribution for the year	8 954 784	5 720 535
Change in estimate		1 286 429
Total provision 30 June	63 215 270	54 260 486
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	63 215 270	54 260 486

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	De Rust (Closed)	De Rust(Operational)	Dysselsdorp(Closed)	Dysselsdorp(Operational)	Oudtshoorn
Rehabilitation Area(m²)	5223	5015	2 253.000	6 479	107 824
Costs of Rehabilitation and Closure:					
Preliminary and General	334 128	326 564	187 021	412 665	4 478 994
Site Clearance and Preparation	15 408	14 794	6 646	19 113	318 081
Storm Water Control Measures	465 933	471 628	321 777	676 220	3 187 070
Capping	1 133 997	1 089 579	491 849	1 417 254	24 636 321
Leachate Management	171 874	173 660	120 513	186 165	1 155 822
Fencing	599 417	582 938	395 080	648 853	2 695 520
Other:					
Environmental Authorisation (Closure Licence)	-	419 800	-	419 800	419 800
Technical ROD	88 655	88 655	88 655	88 655	88 655
Install Groundwater Monitoring Boreholes	237 376	246 401	246 401	246 401	-
Landscape Architects	117 810	117 810	117 810	117 810	117 810
Water use licence	17 428	17 428	17 428	17 428	17 428
Contingencies	272 076	265 916	152 289	336 027	3 647 181
Engineering: Professional Fees	224 462	219 381	125 638	277 222	3 008 924
Site Supervision (Engineering Representative)	538 843	538 843	509 938	566 597	1 972 445
Site Supervision (Environmental Control Officer)	64 969	64 969	54 518	60 576	224 131
Total(Exl VAT)	4 282 374	4 638 366	2 835 562	5 490 787	45 968 181
Cost per rehab (m2)	819.91	924.9	1258.57	847	426
Estimated construction period (weeks)	10	10	9	10	37

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

	Estimated decommission date	2018 R	2017 R
Location			
De Rust (Closed)	2014	4 282 374	3 749 268
De Rust(Operational)	2025	4 638 366	4 116 353
Dysselsdorp(Closed)	2013	2 835 562	2 381 193
Dysselsdorp(Operational)	2024	5 490 787	4 490 263
Oudtshoorn	2055	45 968 181	44 251 563
		63 215 270	58 988 640

14. NON-CURRENT EMPLOYEE BENEFITS	2018 R	2017 R
Provision for Post Retirement Health Care Benefits	108 176 479	104 306 841
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	7 188 070	7 019 388
Total Non-current Employee Benefits	115 364 549	111 326 229
	2018 R	2017 R
Post Retirement Health Care Benefits		
Balance 1 July	108 186 409	108 665 673
Contribution for the year	4 823 488	(3 668 793)
Interest Cost	10 279 690	9 668 899
Expenditure for the year	(4 051 805)	5 222 974
Actuarial Loss/(Gain)	(6 766 799)	(11 702 344)
Total provision 30 June	112 470 983	108 186 409
Less: Transfer of Current Portion to Current Provisions - Note 8	(4 294 504)	(3 879 568)
Balance 30 June	108 176 479	104 306 841

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R	
<u>Long Service Awards</u>			
Balance 1 July	8 051 386	7 836 276	
Contribution for the year	633 996	(518 809)	
Interest Cost	633 343	641 577	
Expenditure for the year	(1 105 999)	661 900	
Actuarial Loss/(Gain)	401 558	(569 558)	
Total provision 30 June	8 614 284	8 051 386	
Less: Transfer of Current Portion to Current Provisions - Note 8	(1 426 214)	(1 031 998)	
Balance 30 June	7 188 070	7 019 388	
	2018 R	2017 R	
14.1 Provision for Post Retirement Health Care Benefits			
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
In-service (employee) members	302	289	
In-service (employee) non-members	377	268	
Continuation members (e.g. Retirees, widows, orphans)	96	93	
Total Members	775	650	
	2018 R	2017 R	
The liability in respect of past service has been estimated to be as follows:			
In-service members	45 926	46 421	
In-service non-members	12 625	11 261	
Continuation members	53 920	50 504	
Total Liability	112 471	108 186	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2016 R	2015 R	2014 R
In-service members	47 218	94 632	74 716
In-service non-members	11 964	-	-
Continuation members	49 484	-	-
Total Liability	108 666	94 632	74 716
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes: Bonitas; LA Health; Hosmed; Samwumed; and Keyhealth.			
The Current-service Cost for the ensuing year is estimated to be R4 832 488, whereas the Interest Cost for the next year is estimated to be R5 475 886.			
Key actuarial assumptions used:	2018 %	2017 %	
i) Rate of interest			
Discount rate	9.57%	9.67%	
Health Care Cost Inflation Rate	7.36%	7.95%	
Net Effective Discount Rate	20.60%	1.59%	
ii) Mortality rates			
The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.			
iii) Normal retirement age			
The average retirement age for employees of the municipality is 60 years.			
iv) Expected rate of salary increases			
2017/2018 - Average CPI (Feb 2016 – Jan 2017) + 1 per cent			
The three-year Salary and Wage Collective Agreement ends on 30 June 2018.			

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	112 470 983	108 186 409
Fair value of plan assets	-	-
	<u>112 470 983</u>	<u>108 186 409</u>
Unrecognised past service cost		-
Unrecognised actuarial gains/(losses)		-
Present Value of unfunded obligations		-
Net liability/(asset)	<u>112 470 983</u>	<u>108 186 409</u>

	2018 R	2017 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	108 186 409	108 665 673
Total expenses	11 051 373	11 223 080
Current service cost	4 823 488	(3 668 793)
Interest Cost	10 279 690	9 668 899
Benefits Paid	(4 051 805)	5 222 974
Actuarial (gains)/losses	(6 766 799)	(11 702 344)
Present value of fund obligation at the end of the year	<u>112 470 983</u>	<u>108 186 409</u>

Sensitivity Analysis on the Accrued Liability on 30 June 2018

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	58 551	53 920	112 471

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	+1%	70 386	59 315	129 701	15%
Health care inflation	-1%	49 118	49 246	98 365	-13%
Discount Rate	+1%	49 364	49 373	98 737	-12%
Discount Rate	-1%	70 238	59 250	129 489	15%
Post-retirement mortality	-1 yr	60 250	55 872	116 121	3%
Average retirement age	-1 yr	63 824	53 920	117 744	5%
Withdrawal Rate	-10%	49 453	53 920	103 373	-8%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	5 475 900	10 562 700	16 038 600

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	+1%	6 712 800	12 210 600	18 923 400	18%
Health care inflation	-1%	4 503 800	9 213 700	13 717 500	-14%
Discount Rate	+1%	4 570 300	10 215 200	14 785 500	-8%
Discount Rate	-1%	6 636 100	10 916 900	17 553 000	9%
Post-retirement mortality	-1 yr	5 633 900	10 912 000	16 545 900	3%
Average retirement age	-1 yr	5 961 300	11 067 300	17 028 600	6%
Withdrawal Rate	-10%	4 529 900	9 692 000	14 221 900	-11%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

				2018 R	2017 R
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss				(6 766 799)	(11 702 344)
Assets: Gain / (loss)				-	-
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:					
	2016 Rm	2015 Rm	2014 Rm		
Liabilities: (Gain) / loss	3 390	(1 156)	(4 274)		
Assets: Gain / (loss)					
		2018 R	2017 R		
14.2 Provision for Long Service Bonuses					
The Long Service Bonus plans are defined benefit plans. As at year end, 679 employees were eligible for Long Service Bonuses.					
The Current-service Cost for the ensuing year is estimated to be R633 996 whereas the Interest Cost for the next year is estimated to be R671 250.					
Key actuarial assumptions used:		2018 %	2017 %		
i) Rate of interest					
Discount rate		8.48%	8.39%		
General Salary Inflation (long-term)		6.10%	6.21%		
Net Effective Discount Rate applied to salary-related Long Service Bonuses		2.24%	2.05%		
		2018 R	2017 R		
The amounts recognised in the Statement of Financial Position are as follows:					
Present value of fund obligations		8 614 284	8 051 386		
Fair value of plan assets		-	-		
		8 614 284	8 051 386		
Net liability/(asset)		8 614 284	8 051 386		
		2018 R	2017 R		
Reconciliation of present value of fund obligation:					
Present value of fund obligation at the beginning of the year		8 051 386	7 836 276		
Total expenses		161 340	784 668		
Current service cost		633 996	661 900		
Interest Cost		633 343	641 577		
Benefits Paid		(1 105 999)	(518 809)		
Actuarial (gains)/losses		401 558	(569 558)		
Present value of fund obligation at the end of the year		8 614 284	8 051 386		
Sensitivity Analysis on the Accrued Liability on 30 June 2018					
	Change	Liability (Rm)	% change		
Assumption		8 614			
Central assumptions					
General salary inflation	+1%	9 112	6%		
General salary inflation	-1%	8 160	-5%		
Discount rate	+1%	8 135	-6%		
Discount rate	-1%	9 149	6%		
Average retirement age	-2 yrs	7 196	-16%		
Average retirement age	2 yrs	9 896	15%		
Withdrawal rates	-50%	10 111	17%		
Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019					
	Current Service Cost (R)	Interest Cost (R)	Total (R)		
Assumption					
Central Assumptions	700 300	671 300	1 371 600		
The effect of movements in the assumptions are as follows:					
	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General salary inflation	+1%	755 300	713 500	1 468 800	7%
General salary inflation	-1%	651 000	632 700	1 283 700	-6%
Discount rate	+1%	655 200	705 200	1 360 400	-1%
Discount rate	-1%	751 400	632 000	1 383 400	1%
Average retirement age	-2 yrs	595 600	551 800	1 147 400	-16%
Average retirement age	2 yrs	801 800	780 000	1 581 800	15%
Withdrawal Rate	-50%	920 200	798 200	1 718 400	25%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 Rm	2017 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	401 558	569 558
Assets: Gain / (loss)		

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2016 Rm	2015 Rm	2014 Rm
Liabilities: (Gain) / loss	(70 267)	713 251	250 911
Assets: Gain / (loss)			

14.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund has a funding level of 153,1% (30 June 2014 - 101,7%).

	2018 R	2017 R
Contributions paid recognised in the Statement of Financial Performance	-	-
	2018 R	2017 R

CONSOLIDATED RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100,6% (30 June 2015 - 100,4%).

Contributions paid recognised in the Statement of Financial Performance	20 194 963.30	16 501 307
	2018 R	2017 R

DEFINED CONTRIBUTION FUNDS

Council contribute does not contribute to Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds.

15. CONSUMER DEPOSITS

	2018 R	2017 R
Electricity	3 892 019	3 780 939
Rental Properties	124 903	103 897
Water	4 391 288	4 022 251
Building Plans	795 518	575 726
Total Consumer Deposits	9 203 729	8 482 812

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
16. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	876 921	364 245
Staff Bonuses	5 090 814	4 049 364
Staff Leave	10 365 421	9 369 282
Other	1 045	1 067
Accrued overtime and subsistence payments	-	933 786
Current Portion of Non-Current Provisions	5 720 718	4 911 566
Current Portion of Post Retirement Benefits - Note 14	4 294 504	3 879 568
Current Portion of Long-Service Provisions - Note 14	1 426 214	1 031 998
Total Current Employee Benefits	22 054 918	19 629 311

The movement in current employee benefits are reconciled as follows:

	2018 R	2017 R
16.1 Performance Bonuses		
Balance at beginning of year	364 246	59 456
Contribution to current portion	683 376	304 790
Expenditure incurred	(170 700)	-
Balance at end of year	876 922	364 246

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council.

	2018 R	2017 R
16.2 Staff Bonuses		
Balance at beginning of year	4 049 364	3 813 463
Contribution to current portion	9 154 805	7 548 239
Expenditure incurred	(8 113 355)	(7 312 339)
Balance at end of year	5 090 813	4 049 364

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

	2018 R	2017 R
16.3 Staff Leave		
Balance at beginning of year	9 369 282	10 709 588
Contribution to current portion	2 197 514	(688 153)
Expenditure incurred	(1 197 857)	(652 153)
Balance at end of year	10 368 939	9 369 282

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

	2018 R	2017 R
17. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	43 396 116	34 067 896
Correction of error note 40.01(b)	-	(1 970 765)
Correction of error note 40.01(d)	-	634 384
Correction of error note 40.01(f)	-	(186 964)
Correction of error note 40.01(i)	-	(407 531)
Pre-paid electricity	421 515	218 315
Payments received in advance	4 265 019	3 649 351
Control, Clearing and Interface Accounts	684 564	-
Pensioner deposits	-	29 216
Unallocated funds debtors	283 503	240 085
Sundry Deposits	8 730	-
Advance Receipts	-	61 236
Retentions	1 571 315	1 762 211
Total Trade Payables	50 630 762	38 097 433

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
18. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	9 695 218	10 187 510
National Government Grants	1 793 399	4 614 062
Correction of error note 40.1(a)	-	348 889
Provincial Government Grants	7 901 819	5 224 559
Less: Unpaid Transfers and Subsidies	-	(2 685 184)
National Government Grants	-	(2 685 184)
Total Unspent Transfers and Subsidies	9 695 218	7 502 326

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

	2018 R	2017 R
19. TAXES		
19.1 VAT Payable	-	-
VAT Output in Suspense	(11 452 611)	(11 448 633)
Correction of error note 40.01 (g)	-	1 328 897
Correction of error note 40.01(h)	-	1 710 256
Total VAT Payable	(11 452 611)	(8 409 480)
	2018 R	2017 R
19.2 VAT Receivable	676 905	2 512 576
VAT Input in Suspense	2 647 874	2 642 909
Correction of error note 40.01(g)	-	242 535
Correction of error note 40.01(h)	-	327 752
Correction of error note 40.01(l)	-	(238 942)
Total VAT Receivable	3 324 779	5 486 830
19.3 Net VAT (Payable)/Receivable	(8 127 832)	(2 922 650)

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

	2018 R	2017 R
21. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	85 808 966	76 046 985
Business and Commercial Property	19 128 163	12 824 099
Farm Holdings	3 307 665	2 415 430
Formal and Informal Settlements	-	4 221 324
Public Benefit Organisations	158 192	188 773
Public Service Infrastructure Properties	10 636	10 855
Residential Properties	53 386 033	46 567 379
State-owned Properties	9 818 277	8 302 167
Other Categories	-	1 516 958
Less: Rebates	(3 818 914)	(5 088 712)
Total Property Rates	81 990 053	70 958 273

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Valuations - 1 July 2017		
Rateable Land and Buildings	10 259 150 500	7 812 166 600
Business and Commercial Property	1 382 608 000	1 092 071 700
Churches	219 780 000	167 737 000
Municipal Properties	414 487 000	309 031 000
Pensioners	62 128 500	11 977 000
Public Benefit Organisations	77 830 000	69 421 000
Public Service Infrastructure Properties	10 164 500	10 951 600
Residential Properties	5 398 324 500	4 482 244 300
State-owned Properties	728 234 000	568 733 000
Agricultural Property	1 965 594 000	1 075 552 000
Other Categories	-	24 448 000
Less: Rebates	(2 889 150)	(3 285 980)
Total Assessment Rates	10 256 261 350	7 808 880 620

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	1.003c/R	1.088c/R
Government	1.348c/R	1.459c/R
Commercial	1.587c/R	1.495c/R
Agricultural	0.175c/R	0.218c/R

Rates are levied annually and monthly. Monthly rates are payable by the 10th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R15 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

22.

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional

Equitable Share

2018 R	2017 R
62 683 000	58 194 000
62 683 000	58 194 000
	-

Conditional

Local Government Financial Management Grant (FMG)
Local Government Financial Management Grant
Integrated National Electrification Programm
Municipal Infrastructure Grant
Extended Public Works Program
Electricity Demand Side Management Grants
CDW operational support grant
Library Services
Integrating Housing Settlement Grant
Emergency Housing Program
Provincial Sport Grant
Military Sport Academy
Finance Management Support Grant
Maintenance Main Road Subsidy
Performance Management Grant
Municipal Infrastructure and Building Repair Grant
Municipal Capacity Building Grant
Water Supply and Drought relief grant
Municipal Service Delivery and Capacity Building grant
Supply for Drought Relief Interventions
Local Government Graduate Internship Grant
Municipal Draught Support Grant
Fire Services Capacity Building Grant
Water Services Infrastructure Grant
Thusong Centre Operational Grant
Cango Caves Infrastructure Grant

2018 R	2017 R
102 798 502	51 804 758
-	1 475 000
1 550 000	-
6 000 076	6 136 451
19 376 816	28 649 999
2 911 000	2 448 000
-	880 802
13 720	62 988
5 338 000	4 944 795
49 789 985	848 552
-	-
-	144 000
-	87 934
3 702 316	2 106 565
106 168	114 703
-	200 000
-	178 139
-	461 188
-	970 000
1 870 568	429 432
-	1 620 528
-	5 096
959 416	40 584
1 200 000	-
9 820 587	-
100 000	-
59 850	-

Total Government Grants and Subsidies

2018 R	2017 R
165 481 502	109 998 758

Government Grants and Subsidies - Operating
Government Grants and Subsidies - Capital

2018 R	2017 R
113 150 212	74 588 619
53 737 290	36 816 136
166 887 502	111 404 755

Total Government Grants and Subsidies

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	62 683 000	58 194 000
Executive & Council	4 029 984	53 210 758
Municipal Manager	59 850	-
Corporate Services	236 036	-
Financial Services	4 311 150	-
Community And Public Safety	6 156 849	-
Technical Services	36 669 084	-
Human Settlement	51 195 985	-
Total Government Grants and Subsidies	165 341 939	111 404 758
Based on the allocations set out in the Division of Revenue Act (Dora), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.		
	2018 R	2017 R
22.1 Equitable Share		
Grants received	62 683 000	57 849 000
Repaid to National Revenue Fund	-	345 000
Conditions met - Operating	(62 683 000)	(58 194 000)
Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
	2018 R	2017 R
22.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	100 000
Grants received	1 550 000	1 475 000
Repaid to National Revenue Fund	-	(100 000)
Conditions met - Operating	(1 550 000)	(1 375 000)
Conditions met - Capital	-	(100 000)
Conditions still to be met	-	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
	2018 R	2017 R
22.3 Water services Infrastructure Grant		
Opening balance	-	-
Grants received	10 000 000	-
Conditions met - Capital	(9 820 587)	-
Conditions still to be met	179 413	-
The Water Services Infrastructure Grant is mainly for the refurbishment and replacement of water infrastructure within the Dysseisdorp and De Rust area		
	2018 R	2017 R
22.4 Municipal Infrastructure Grant (MIG)		
Opening balance	(2 685 184)	5 406 815
Grants received	22 062 000	20 756 000
Repaid to National Revenue Fund	-	(198 000)
Conditions met - Operating	(892 551)	(1 923 958)
Conditions met - Capital	(18 484 265)	(26 726 041)
Conditions still to be met	-	(2 685 184)
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
	2018 R	2017 R
22.5 Integrated National Electrification Grant		
Opening balance	3 000 076	1 136 526
Grants received	3 000 000	8 000 000
Conditions met - Operating	(1 545 563)	-
Conditions met - Capital	(4 454 513)	(6 136 450)
Conditions still to be met	0	3 000 076
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
22.6 <u>Extended Public Works Program</u>		
Opening balance	-	-
Grants received	2 911 000	2 448 000
Conditions met - Operating	(2 911 000)	(2 448 000)
Conditions still to be met	-	-
Job creation projects in previous disadvantage areas.		
	2018 R	2017 R
22.7 <u>Finance Management Support Grant</u>		
Opening balance	427 337	1 663 902
Grants received	3 080 000	1 120 000
Repaid to National Revenue Fund	(27 337)	(250 000)
Conditions met - Operating	(718 849)	(1 998 971)
Conditions met - Capital	(2 761 150)	(107 594)
Conditions still to be met	0	427 337
The Financial Management Support Grant was received from Provincial Treasury to assist with the implementation of Risk management and the procurement of software.		
	2018 R	2017 R
22.8 <u>Integrating Human Settlement Grant</u>		
Opening balance	647 253	(314 636)
Correction of Error note 40.1(a)	-	348 889
Grants received	54 012 988	1 461 552
Conditions met - Operating	(33 679 112)	(848 552)
Conditions met - Capital	(16 110 873)	-
Conditions still to be met	4 870 256	647 253
The Integrated Human Settlement Grant was received from the Provincial Government and is utilised for the building of low cost		
	2018 R	2017 R
22.9 <u>Electricity Demand Side Management Grants (EEDSM)</u>		
Opening balance	-	927 802
Repaid to National Revenue Fund	-	(47 000)
Conditions met - Capital	-	(880 802)
Conditions still to be met	-	-
The EEDSM grant was received to implement energy efficient retrofits within the municipal infrastructure.		
	2018 R	2017 R
22.10 <u>Library Services</u>		
Opening balance	-	-
Grants received	5 338 000	4 944 795
Conditions met - Operating	(5 279 631)	(4 944 795)
Conditions met - Capital	(58 369)	-
Conditions still to be met	0	-
	2018 R	2017 R
22.11 <u>Municipal Service Delivery and Capacity Building grant</u>		
Opening balance	1 870 568	1 900 000
Grants received	-	400 000
Conditions met - Operating	-	(400 000)
Conditions met - Capital	(1 870 568)	(29 432)
Conditions still to be met	-	1 870 568
The grant was received to identify new water sources for De Rust, equipped and connect to existing bulk water system to augment the supply.		
	2018 R	2017 R
22.12 <u>Supply for Drought Relief Interventions</u>		
Opening balance	379 472	2 000 000
Repaid to National Revenue Fund	(379 472)	-
Conditions met - Capital	-	(1 620 528)
Conditions still to be met	-	379 472
The grant was received to protect the revenue base of the municipality by ensuring water demands are met.		

	2018 R	2017 R
22.13 Regional Bulk Infrastructure Grant - Department of Water Affairs and Forestry Grant		
Opening balance	1 613 986	1 613 986
Conditions still to be met	1 613 986	1 613 986
The grant was given to assist with the water shortage in the area.		
	2018 R	2017 R
22.14 Other Grants		
Opening balance	2 597 707	2 034 882
Correction of Error note 40.01(a)		348 890
Grants received	4 880 168	3 900 703
Repaid to National Revenue Fund	(29 953)	(16 136)
Conditions met - Operating	(3 890 505)	(2 455 343)
Conditions met - Capital	(176 965)	(1 215 289)
Conditions still to be met	3 380 452	2 597 707
	2018 R	2017 R
22.15 Total Grants		
Opening balance	7 502 326	16 469 277
Correction of Error note 40.1(a)	-	348 890
Grants received	169 517 156	102 355 050
Repaid to National Revenue Fund	(436 762)	(266 136)
Conditions met - Operating	(113 150 211)	(74 588 619)
Conditions met - Capital	(53 737 290)	(36 816 136)
Conditions still to be met/(Grant expenditure to be recovered)	9 695 218	7 502 326
	2018 R	2017 R
Disclosed as follows:		
Unspent Conditional Government Grants and Receipts	9 695 218	10 187 510
Unpaid Conditional Government Grants and Receipts	-	(2 685 184)
Total	9 695 218	7 502 326
	2018 R	2017 R
23. SERVICE CHARGES		
Electricity	214 664 901	210 156 386
Service Charges	219 923 784	214 495 923
Less: Rebates	(5 258 882)	(4 339 536)
Water	59 189 531	54 718 571
Service Charges	69 118 399	63 302 977
Less: Rebates	(9 928 868)	(8 584 407)
Water Klein Karoo Rural Scheme	4 540 578	5 458 392
Service Charges	4 540 578	5 458 392
Less: Rebates	-	-
Waste Management	16 709 630	15 457 891
Service Charges	23 373 482	21 046 408
Less: Rebates	(6 663 852)	(5 588 517)
Waste Water Management	31 125 665	29 994 316
Service Charges	37 615 295	35 619 187
Less: Rebates	(6 489 630)	(5 624 871)
Total Service Charges	326 230 305	315 785 556

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
24. SALES OF GOODS AND RENDERING OF SERVICES		
Academic Services	1 823	920
Advertisements	217 774	236 587
Application Fees for Land Usage	51 540	34 802
Building Plan Approval	557 862	442 133
Camping Fees	216 857	269 314
Cemetery and Burial	804 207	769 014
Computer Services	52 593	49 854
Encroachment Fees	89 035	89 247
Entrance Fees	-	357 884
Legal Fees Recovered	1 709 146	939 701
Library Fees	837	1 096
Parking Fees	68 090	84 561
Photocopies and Faxes	7 604	32 074
Sale of Goods	11 852	95 650
Valuation Services	140 381	113 535
Total Sales of Goods and Rendering of Services	3 929 600	3 516 373
	2018 R	2017 R
25. RENTAL FROM FIXED ASSETS		
Property, Plant and Equipment	3 453 170	3 341 693
Total Rental from Fixed Assets	3 453 170	3 341 693
	2018 R	2017 R
26. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	5 454 131	3 230 096
Total Interest Earned - External Investments	5 454 131	3 230 096
	2018 R	2017 R
27. INTEREST EARNED - EXCHANGE TRANSACTIONS		
Trade Receivables	6 949 384	6 390 851
Total Interest Earned - Outstanding Receivables	6 949 384	6 390 851
	2018 R	2017 R
28. OPERATIONAL REVENUE		
Collection Charges	153 027	-
Commission	-	365 776
Incidental Cash Surpluses	495 778	2 419
Merchandising, Jobbing and Contracts	64 070	162 547
Registration Fees	303 219	289 869
Request for Information	4 126	385
Staff Recoveries	147 951	-
Total Operational Revenue	1 168 171	820 996
	2018 R	2017 R
29. EMPLOYEE RELATED COST		
Acting Allowance	1 152 490	520 524
Contributions to Group Insurance	2 331 272	1 885 027
Contributions to Workman's Compensation	1 265 174	190 065
Housing Benefits and Allowance	1 371 028	1 636 097
Leave payments	2 197 514	(54 636)
Standby Allowance	1 815 397	1 414 085
Shift Allowance	228 509	-
Basic Salaries and Wages	131 169 659	115 671 328
Pension and UIF Contributions	20 799 079	19 024 455
Medical Aid Contributions	9 384 177	10 588 272
Overtime	12 374 841	11 085 344
Bonuses	10 002 382	7 329 739
Motor Vehicle Allowance	4 292 903	3 729 655
Cellphone Allowance	720 761	860 828
Other benefits and allowances	157 339	102 120
Contribution to Long Service awards	1 267 339	1 309 867
Contribution to Post Employment Medical	15 103 178	11 222 224
Total Employee Related Costs	215 633 043	186 514 992

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

KEY MANAGEMENT PERSONNEL

2018
R

2017
R

Key management personnel are all permanently employed except for the Municipal Manager and Acting Director: Human Settlement. The Municipal Manager is appointed on a 5 year contract, and the Acting Director Human Settlement is seconded from Provincial Government to Oudtshoorn Municipality through a memorandum of agreement. All permanent staff is entitled to post retirement benefits upon retirement.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - Mr Paulse

Basic Salary	957 802	649 035
Pension and UIF Contributions	156 189	167 592
Medical Aid Contributions	58 065	-
Performance Bonus	42 788	-
Motor Vehicle Allowance	241 693	249 899
Cellphone Allowance	45 091	35 000
Other benefits and allowances	171 345	70 494
Payments in lieu of leave	54 007	-

Mr AA Paulse was appointment as Municipal Manager as from 01/12/2016 on a 5 year contract

Total

1 726 981

1 172 019

2018
R

2017
R

Remuneration of the Chief Financial Officer - Mr Lötter

Basic Salary	857 345	632 677
Pension and UIF Contributions	1 785	37 167
Medical Aid Contributions	34 338	-
Performance Bonus	87 939	-
Motor Vehicle Allowance	197 564	190 905
Cellphone Allowance	45 091	35 000
Other benefits and allowances	147 989	65 855
Payments in lieu of leave	33 712	-

Mr F Lotter was appointed as Chief Financial Officer as from 01/11/2017

Total

1 405 763

961 604

2018
R

2017
R

Remuneration of Director : Corporate Services - Mr Smit

Basic Salary	923 863	576 556
Pension and UIF Contributions	168 080	70 998
Motor Vehicle Allowance	-	11 168
Cellphone Allowance	45 091	28 000
Acting Allowance	70 077	58 736
Other benefits and allowances	149 193	64 208
Payments in lieu of leave	33 712	-

Mr R Smit was appointed as Director: Corporate Services as from 01/12/2017

Total

1 390 015

809 666

2018
R

2017
R

Remuneration of Director : Technical Services - Mr Koch

Basic Salary	1 090 158	934 764
Pension and UIF Contributions	1 785	25 315
Performance Bonus	14 990	-
Motor Vehicle Allowance	-	24 996
Cellphone Allowance	45 091	31 500
Housing Allowances	7 500	-
Other benefits and allowances	147 835	43 549

Mr C Koch was appointed as Director: Technical Services as from 04/06/2017

Total

1 307 358

1 060 124

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
Remuneration of Director : Community Services - Mr T Matthee		
Basic Salary	763 965	910 961
Pension and UIF Contributions	139 298	9 709
Medical Aid Contributions	48 509	3 564
Performance Bonus	24 983	-
Motor Vehicle Allowance	120 000	10 000
Cellphone Allowance	45 091	31 500
Other benefits and allowances	143 015	53 712
Payments in lieu of leave	44 146	23 803

Mr T Matthee was appointed as Director: Corporate Services as from 04/01/2017

Total	1 329 007	1 043 249
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Remuneration of Acting Director: Human Settlement - Ms S Simms

Basic Salary	1 094 670	-
Pension and UIF Contributions	1 636	-
Cellphone Allowance	9 000	-
Housing Allowances	96 000	-

Ms S Simms is seconded from Provincial Government to be acting Director: Human Settlement. Provincial Government compensates the municipality for her remuneration through a memorandum of agreement annually.

Total	1 201 306	-
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30. REMUNERATION OF COUNCILLORS

	2018 R	2017 R
Salaries	6 333 201	6 061 593
Pension	635 476	433 664
Travelling Allowance	2 078 839	2 061 461
Telephone Allowance	851 339	735 605
Medical Scheme	123 429	115 453
Skills Development Levy	-	76 076
Total Councillors' Remuneration	10 022 284	9 483 852

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor / Mayor	480 532	198 978	9 000	119 653	808 164
Executive Deputy-Mayor / Deputy-Mayor	430 308	159 183	44 400	55 120	689 011
Speaker	359 194	159 183	44 400	120 179	682 956
Executive Committee Members	2 066 445	560 431	175 739	230 508	3 033 123
Councillors	2 996 721	1 001 064	496 253	314 993	4 809 031
Total Councillors' Remuneration	6 333 201	2 078 839	769 792	840 453	10 022 284

In-kind Benefits

The Executive Mayor, Executive Deputy Mayor, Speaker, Chief Whip and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

31. CONTRACTED SERVICES

	2018 R	2017 R
Outsourced Services	5 732 761	5 664 651
Consultants and Professional Services	7 328 917	10 319 367
Contractors	8 334 416	10 400 297
Total Contracted Services	21 396 094	26 384 315

32. DEPRECIATION AND AMORTISATION

	2018 R	2017 R
Property, Plant and Equipment	37 610 871	31 962 601
Intangible Assets	188 157	120 696
Capitalized Restoration Cost	634 371	634 371
Investment Property	1 651 455	1 651 455
Total Depreciation and Amortisation	40 084 855	34 369 123

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
33. INTEREST, DIVIDENDS AND RENT ON LAND		
Long-term Borrowings	6 459 513	8 747 981
Non-current Provisions	8 954 784	5 720 535
Finance leases	1 190 204	204 957
Payables	530 848	1 251
Total Finance Costs	17 135 350	14 674 724
	2018 R	2017 R
34. BULK PURCHASES		
Electricity	147 403 643	143 807 660
Water	233 597	2 900 966
Total Bulk Purchases	147 637 240	146 708 626
	2018 R	2017 R
35. TRANSFERS AND SUBSIDIES		
Operational	2 697 142	3 021 673
Monetary Allocations	2 697 142	3 021 673
Bursaries Non Employee	313 500	-
Households	7 000	74 230
Non-profit Institutions	969 678	822 861
Provincial Government	1 406 964	2 124 582
Total Transfers and Subsidies	2 697 142	3 021 673
	2018 R	2017 R
36. OPERATIONAL COST		
Advertising, Publicity and Marketing	1 700 130	976 650
Assets less than the Capitalisation Threshold	-	374 268
Bank Charges, Facility and Card Fees	2 271 303	2 276 248
Bursaries (Employees)	335 557	129 952
Cleaning Services	83 159	53 438
Commission	2 589 878	2 749 103
Courier and Delivery Services	30 490	23 602
Communication	3 656 218	3 251 068
Deeds	320 710	-
Deposits refunded	-	258 974
Drivers Licences and Permits	-	79 389
Entrance Fees	51 024	-
Entertainment	85 485	152 222
External Audit Fees	5 871 648	5 016 269
External Computer Service	3 356 261	2 409 113
Fines and Penalties	-	679
Full Time Union Representative	244 306	175 206
Hire Charges	3 043 621	5 047 860
Indigent Relief	671 983	513 268
Insurance Underwriting	1 825 351	1 639 106
Housing Top Structures	32 230 223	-
Land Alienation Costs	4 760	-
Learnerships and Internships	824 008	986 695
Levies Paid - Water Resource Management Charges	154 697	510 260
Licences	525 898	682 662
Membership fees SALGA	2 151 861	2 260 641
Personnel Agency Fees [Personnel Recruitment Costs]	-	201 529
Printing, Publications and Books	1 500 954	1 869 448
Professional Bodies, Membership and Subscription	16 440	5 108
Registration Fees	1 711 970	737 342
Remuneration to Ward Committees	196 735	29 050
Resettlement Cost	117 705	29 809
Samples and Specimens	58 141	-
Servitudes and Land Surveys	-	240
Skills Development Fund Levy	1 730 512	1 427 603
Small Differences Tolerances	-	(3 165)
System Access and Information Fees	-	23 742
Transport Provided as Part of Departmental Activities	-	2 300
Travel Agency and Visa's	-	19 680
Travel and Subsistence	3 136 122	1 844 218
Uniform and Protective Clothing	738 361	215 464
Vehicle Tracking	486 351	1 165 008
Warrantees and Guarantees	-	3 340
Wet Fuel	4 552 062	4 473 097
Total Operational Costs	76 273 922	41 610 489

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
37. (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT LOSS OF RECEIVABLES		
Receivables from Exchange Transactions - Note 8	10 131 444	(2 655 574)
Receivables from Non-exchange Revenue - Note 9	-	(11 402 052)
Total (Impairment Loss)/ Reversal of Impairment Loss on Receivables	10 131 444	(14 057 626)
	2018 R	2017 R
38. (IMPAIRMENT LOSS)/REVERSAL OF IMPAIRMENT LOSS ON FIXED ASSETS		
Property, Plant and Equipment	114 708	(10 223 317)
Correction of error as per note 40.01 (o)	-	9 510 271
Investment Property	-	(877 011)
Correction of error as per note 40.01(n)	-	877 011
	114 708	(713 046)
Less: Allocated against Provision for Rehabilitation of Landfill-Sites - Note 13		
Total (Impairment Loss)/ Reversal of Impairment Loss on Fixed Assets	114 708	(713 046)

	2018 R	2017 R
39. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA		
The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has started with a process during the year to align items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. The reclassification of 2017 audited amounts can be summarised as follows:		

	Now reported	Previously reported
RE-CLASSIFICATIONS-STATEMENT OF FINANCIAL PERFORMANCE	2017 R	2017 R
REVENUE		
Revenue from Non-exchange Transactions		
Taxation Revenue		
Property Rates	70 958 273	70 985 321
Transfer Revenue		
Government Grants and Subsidies - Capital	36 816 136	36 816 136
Government Grants and Subsidies - Operating	74 588 619	74 588 619
Public Contributions and Donations	76 206	76 206
Contributed Property, Plant and Equipment	-	-
Other Revenue		
Actuarial Gains	12 271 902	12 271 902
Fines	-	13 205 385
Fines, Penalties and Forfeits	14 423 212	-
Government Incentives Received	760 280	760 280
Interest Earned - Non-exchange Transactions	-	-
Licences and Permits	43 580	-
Revenue from Exchange Transactions		
Service Charges	315 785 556	314 865 976
Admission Fees	-	15 586 807
Entrance Fees	15 586 807	-
Sales of Goods and Rendering of Services	3 516 373	-
Rental from Fixed Assets	3 341 693	-
Rental of Facilities and Equipment	-	2 336 525
Interest Earned - external investments	3 230 096	3 230 096
Interest Earned - Exchange Transactions	6 390 851	-
Interest Earned - Outstanding Receivables	-	6 390 851
Agency Services	3 134 238	3 134 238
Other Income	-	7 538 575
Stock Adjustments	-	48 555
Operational Revenue	820 996	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

EXPENDITURE

Employee Related Cost	(186 514 992)	(185 591 451)
Remuneration of Councillors	(9 483 852)	(9 483 852)
Debt Impairment	-	(14 057 626)
Bad Debts Written Off	-	-
Contracted Services	(26 384 315)	(29 647 429)
Depreciation and Amortisation	(19 445 736)	(19 445 736)
Actuarial Losses	-	-
Finance Costs	-	(14 673 473)
Interest, Dividends and Rent on Land	(14 674 724)	-
Impairments	-	(10 501 988)
Bulk Purchases	(146 708 626)	(146 612 669)
Assets Written-off	-	(598 340)
General Expenses	-	(52 178 419)
Inventory Consumed	(7 020 115)	-
Operating Leases	(2 677 853)	-
Transfers and Subsidies	(3 021 673)	-
Operational Cost	(41 610 489)	-

GAINS AND LOSSES

Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-
(Impairment Loss)/Reversal of Impairment Loss on Receivables	(14 057 626)	-
Gains/(Loss) on Sale of Fixed Assets	-	-
Loss on Disposal of Assets	(232 362)	(232 362)
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	(11 100 329)	-
Profit/(Loss) on Fair Value Adjustments	-	-
Profit/(Loss) from Discontinued Operations	-	-
Water Losses	-	-

Net Surplus/(Deficit) for the year

78 812 127

78 812 128

39.01 Property Rates

2017

Balance previously reported
Transfer from General expenses
Restated balance 30/06/2017

70 985 321
(27 048)
70 958 273

Previously reported
Rateable Land and Buildings
Less: Rebates

76 074 033
(5 088 712)
70 985 321

Now reported
Business and Commercial Property
Farm Holdings
Formal and Informal Settlements
Public Benefit Organisations
Public Service Infrastructure Properties
Residential Properties
State-owned Properties
Other Categories
Less: Rebates

12 824 099
2 415 430
4 221 324
188 773
10 855
46 567 379
8 302 167
1 516 958
(5 088 712)
70 958 273

39.02 Fines

Balance previously reported
Transfer to Fines, Penalties and Forfeits
Restated balance 30/06/2017

13 205 385
(13 205 385)
-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

39.03 Fines, Penalties and Forfeits

Balance previously reported	-
Transfer from Fines	13 205 385
Transfer from Other Income	1 217 827
Restated balance 30/06/2017	14 423 212

39.04 Licences and Permits

Balance previously reported	-
Transfer from Other Income	43 580
Restated balance 30/06/2017	43 580

39.05 Service Charges

Balance previously reported	314 865 976
Transfer from General expenses	(275 416)
Transfer from Other Income	1 194 996
Restated balance 30/06/2017	315 785 556

Previously reported

Electricity	209 483 360
Service charge	213 822 896
Less: Rebates	(4 339 536)
Water	54 280 824
Service charge	62 865 231
Less: Rebates	(8 584 407)
Water Klein Karoo Rural Scheme	5 458 392
Service charge	5 458 392
Less: Rebates	-
Refuse removal	15 649 084
Service charge	21 237 601
Less: Rebates	(5 588 517)
Sewerage and Sanitation Charges	29 994 316
Service charge	35 619 187
Less: Rebates	(5 624 871)
Total service charges	314 865 976

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Now reported		
Electricity	210 156 386	
Service charge	214 495 923	
Less: Rebates	(4 339 536)	
Water	54 718 571	
Service charge	63 302 977	
Less: Rebates	(8 584 407)	
Water Klein Karoo Rural Scheme	5 458 392	
Service charge	5 458 392	
Less: Rebates	-	
Refuse removal	15 457 891	
Service charge	21 046 408	
Less: Rebates	(5 588 517)	
Sewerage and Sanitation Charges	29 994 316	
Service charge	35 619 187	
Less: Rebates	(5 624 871)	
Total service charges	315 785 556	
39.06 Admission Fees		
Balance previously reported	15 586 807	
Transfer to Sales of Goods and Rendering of Services	(15 586 807)	
Restated balance 30/06/2017	-	
39.07 Entrance Fees		
Balance previously reported	-	
Transfer from Admission fees	15 586 807	
Restated balance 30/06/2017	15 586 807	
39.08 Sales of Goods and Rendering of Services		
Balance previously reported	-	
Transfer from General expenses	1 391	
Transfer from Other Income	3 331 157	
Transfer from Rental of Facilities and Equipment	183 825	
Restated balance 30/06/2017	3 516 373	
39.09 Rental from Fixed Assets		
Balance previously reported	-	
Transfer from Other Income	1 188 993	
Transfer from Rental of Facilities and Equipment	2 152 700	
Restated balance 30/06/2017	3 341 693	
39.10 Rental of Facilities and Equipment		
Balance previously reported	2 336 525	
Transfer to Rental from Fixed Assets	(2 152 700)	
Transfer to Sales of Goods and Rendering of Services	(183 825)	
Restated balance 30/06/2017	-	
39.11 Interest Earned - Exchange Transactions		
Balance previously reported	-	
Transfer from Interest Earned - Outstanding Receivables	6 390 851	
Restated balance 30/06/2017	6 390 851	
39.12 Interest Earned - outstanding receivables		
Balance previously reported	6 390 851	
Transfer to Interest Earned - Exchange Transactions	(6 390 851)	
Restated balance 30/06/2017	-	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

39.13 Other Income

Balance previously reported	7 538 575
Transfer to Operational Cost	258 974
Transfer to Fines, Penalties and Forfeits	(1 217 827)
Transfer to Licences and Permits	(43 580)
Transfer to Operational Revenue	(820 996)
Transfer to Rental from Fixed Assets	(1 188 993)
Transfer to Sales of Goods and Rendering of Services	(3 331 157)
Transfer to Service Charges	(1 194 996)
Restated balance 30/06/2017	-
Previously reported	
Advertising Fees	57 891
Airport landings	3 917
Cango Mountain Resort	1 232 905
Cemeteries	769 014
Electricity sundries	457 007
Infrastructure levies	250 003
Legal fees recovered	1 235 277
Libraries	40 693
Parking Fees	84 561
Photostats and faxes	32 074
Recovered taxes	-
Rezoning Fees	34 802
Sportgrounds and swimming pools	180 206
Stock adjustments	44 496
Sundries	1 850 195
Townplanning	95 048
Traffic	329 533
Valuation certificates	113 535
Water sundries	727 420
	7 538 575

39.14 Stock Adjustments

Balance previously reported	48 555
Transfer to Inventory Consumed	(48 555)
Restated balance 30/06/2017	-

39.15 Operational Revenue

Balance previously reported	-
Transfer from Other Income	820 996
Restated balance 30/06/2017	820 996

39.16 Employee Related Cost

Balance previously reported	(185 591 451)
Transfer from Contracted services	(2 288 469)
Transfer from General expenses	(62 675)
Transfer to Operational cost	1 427 603
Restated balance 30/06/2017	(186 514 991)
Previously reported	
Acting Allowance	520 524
Bargaining Allowance	83 866
Bonuses	7 329 739
Contribution to Long Service awards	1 309 867
Contribution to Post Employment Medical	11 222 224
Contributions to Group Insurance	1 885 027
Contributions to Medical Aid	10 588 272
Contributions to Pension	17 875 664
Contributions to UIF	1 101 499
Contributions to Workman's Compensation	190 065
Housing Benefits and Allowance	1 636 097
Leave payments	(54 636)
Other Allowance	820 070
Overtime payments	10 765 764
Repairs and Maintenance	3 063 123
Salaries and Wages	110 330 031
Shift Allowance	293 902
Skills Development	1 427 603
Standby Allowance	1 414 085
Telephone Allowance	61 334
Travelling Allowance	3 727 333
	185 591 451

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Now reported		
Acting Allowance		520 524
Contributions to Group Insurance		1 885 027
Contributions to Workman's Compensation		190 065
Housing Benefits and Allowance		1 636 097
Leave payments		(54 636)
Standby Allowance		1 414 085
Basic Salaries and Wages		115 671 328
Pension and UIF Contributions		19 024 455
Medical Aid Contributions		21 810 495
Overtime		11 085 344
Bonuses		7 329 739
Motor Vehicle Allowance		3 729 655
Cell phone Allowance		860 828
Other benefits and allowances		102 120
Contribution to Long Service awards		1 309 866
		186 514 991
39.17 Debt Impairment		
Balance previously reported		(14 057 626)
Transfer to (Impairment Loss)/Reversal of Impairment Loss on Receivables		14 057 626
Restated balance 30/06/2017		-
Previously reported		
Trade Receivables from exchange transactions - Note 17		2 653 684
Trade Receivables from non-exchange transactions - Note 18		11 402 052
Other bad debt written off		1 890
		14 057 626
39.18 Contracted Services		
Balance previously reported		(29 647 429)
Transfer from General expenses		(14 049 886)
Transfer to Employee Related Cost		2 288 469
Transfer to Interest, Dividends and Rent on Land		1 251
Transfer to Inventory Consumed		2 022 624
Transfer to Operating Leases		2 003 364
Transfer to Operational Cost		10 997 292
Restated balance 30/06/2017		(26 384 315)
Previously reported		
Cleaning services		323 720
Computer and software licencing		1 671 414
Landfill services		1 454 405
Leases and rentals		10 004 540
Other		1 368 117
Professional Services		5 161 721
Repairs and Maintenance		6 578 212
Security Services		2 443 107
Service Contracts		642 193
		29 647 429
Now reported		
Outsourced Services		5 664 651
Consultants and Professional Services		10 319 367
Contractors		10 400 297
		26 384 316
39.19 Finance Costs		
Balance previously reported		(14 673 473)
Transfer to Interest, Dividends and Rent on Land		14 673 473
Restated balance 30/06/2017		-
Previously reported		
Long-term Liabilities		8 747 903
Finance leases		204 957
Landfill site restoration contribution		5 720 535
Other		78
		14 673 473
39.20 Interest, Dividends and Rent on Land		
Balance previously reported		-
Transfer from Contracted Services		(1 251)
Transfer from Finance Costs		(14 673 473)
Restated balance 30/06/2017		(14 674 724)
39.21 Impairments		
Balance previously reported		(10 501 988)
Transfer to (Impairment Loss)/Reversal of Impairment Loss on Fixed Assets		10 501 988
Restated balance 30/06/2017		-
Previously reported		
Property Plant & Equipment		9 624 979
Investment Property		877 011
		10 501 990

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

39.22 Bulk Purchases

Balance previously reported	(146 612 669)
Transfer from General Expenses	(95 957)
Restated balance 30/06/2017	(146 708 626)
 Previously reported	
Electricity bulk	143 711 703
Water bulk	2 900 966
	146 612 669
 Now reported	
Electricity	143 807 660
	143 807 660

39.23 Assets Written-off

Balance previously reported	(598 340)
Transfer to (Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	598 340
Restated balance 30/06/2017	-

39.24 General Expenses

Balance previously reported	(52 178 419)
Transfer to Bulk Purchases	95 957
Transfer to Contracted Services	14 049 887
Transfer to Employee Related Cost	62 675
Transfer to Exchange Revenue	274 025
Transfer to Inventory Consumed	5 046 045
Transfer to Non-exchange Revenue	27 048
Transfer to Operating Leases	674 489
Transfer to Operational Cost	28 926 620
Transfer to Transfers and Subsidies	3 021 673
Restated balance 30/06/2017	-
 Previously reported	
Advertisements	772 951
Audit Fees	5 016 269
Bank Charges	2 276 248
Calendar events	33 359
Chemicals	553 413
Commission paid	2 749 103
Electricity	198 694
Fuel Cost	4 301 356
Housing	2 124 582
Indigent Burials	513 268
Insurance	1 639 106
Inventory Items	854 740
Legal Cost	5 029 665
Licence Fees	220 542
Membership Fees	2 251 727
Performance Management	474 894
Postage	919 057
Printing and stationery	1 274 956
Professional Fees	865 098
Project Expenditure	631 601
Repairs and Maintenance	6 628 818
Safety clothes	149 465
Speed camera fees	800 389
Sport Development	102 484
Telephone	2 386 975
Tools and Equipment	82 878
Tourism	501 000
Training	1 338 207
Travel and subsistence	1 234 051
Ward Committee Functionality	188 302
Water	3 220 955
Other	2 844 265
	52 178 419

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

39.25 Inventory Consumed

Balance previously reported	-
Transfer from Contracted services	(2 022 624)
Transfer from General expenses	(5 046 045)
Transfer from Stock adjustments	48 555
Restated balance 30/06/2017	<u>(7 020 115)</u>

39.26 Operating Leases

Balance previously reported	-
Transfer from Contracted services	(2 003 364)
Transfer from General expenses	(674 489)
Restated balance 30/06/2017	<u>(2 677 853)</u>

39.27 Transfers and Subsidies

Balance previously reported	-
Transfer from General expenses	(3 021 673)
Restated balance 30/06/2017	<u>(3 021 673)</u>

39.28 Operational Cost

Balance previously reported	-
Transfer from Contracted services	(10 997 292)
Transfer from Employee related cost	(1 427 603)
Transfer from General expenses	(28 926 620)
Transfer from Other income	(258 974)
Restated balance 30/06/2017	<u>(41 610 489)</u>

39.29 (Impairment Loss)/Reversal of Impairment Loss on Receivables

Balance previously reported	-
Transfer from Debt Impairment	(14 057 626)
Restated balance 30/06/2017	<u>(14 057 626)</u>

39.30 (Impairment Loss)/Reversal of Impairment Loss on Fixed Assets

Balance previously reported	-
Transfer from Assets written-off	(598 340)
Transfer from Impairments	(10 501 988)
Restated balance 30/06/2017	<u>(11 100 328)</u>

RE-CLASSIFICATIONS-STATEMENT OF FINANCIAL POSITION

39.31 Consumer Deposits

Balance previously reported	7 803 190
Transfer from Trade and Other Payables from Exchange Transactions	679 623
Restated balance 30/06/2017	<u>8 482 812</u>

39.32 Trade and Other Payables from exchange transactions

Balance previously reported	40 707 935
Transfer to Consumer Deposits	(679 623)
Restated balance 30/06/2017	<u>40 028 312</u>

CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

- 40.1**
- (a) Correction of Opening Balance Unspent Conditional Grants : Human Settlement Development Grant. Funds was incorrectly recognized as revenue, a credit note was issued. This is now corrected with the following entries, Dt. Accumulated Surplus R348 889.42, (Ct) Unspent Conditional Grants R348 889.42
 - (b) Correction of Trade Payables from Exchange Transactions - Sundry Creditors 2016/17, due to SALGA Membership wees wrongly provided for. Invoice relates to 2017/18 financial year. This is now corrected with following entries, Dt. Trade Payables from Exchange Transactions: Sundry Creditors R1 970 765.42, (Ct) Accumulated Surplus 2016/17, R1 970 765.42
 - (c) Correction of Receivables from Non-Exchange :Sundry Debtors 2016-17, Subsistence and Travel expenditure understated, wrongly allocated against sundry debtors. This is now corrected with the following entries Dt. Accumulated Surplus 2016/17 (Operational Cost) R36 573.85, (Ct) Receivables From Non Exchange:Sundry Debtors R36 573.85
 - (d) Correction of Trade Payables from Exchange Transactions- Trade Payables 2016/17 (Operational Cost). Invoices and Credit notes relating to 2016/17 were captured in current period. This is now corrected with the following entries, Dt. Accumulated Surplus R634 383.82, (Ct) R634 383.82
 - (e) Correction of Receivables from Exchange Transactions Opening balance- Service Debtors. Corrections on debtors accounts that relates to prior years were performed in the current financial year. This is now corrected with the following entries, Dt. Receivables from Exchange Transactions Opening Balance R318 882.26, (Ct) Accumulated Surplus Opening Balance R318 882.26
 - (f) Correction of Trade Payables From Exchange Transactions- Opening Balance. Staff Advances was incorrectly disclosed as Trade Payables during prior period. This is now corrected with the following entries, Dt. Trade Payables from Exchange- Trade Payables Opening balance R186 964 .49, (Ct) Accumulated Surplus Opening balance R 186 964. 49
 - (g) Correction of Taxes Opening balance, after VAT review was performed in was discovered that Vat Input was not claimed on creditor invoices, and VAT Output was incorrectly paid on Agency fees in prior years. This is now corrected with the following entries, Dt. Taxes Opening Balance R1 571 431 .99, (Ct) Accumulated Surplus R 1 571 431.99
 - (h) Correction of Taxes 2016/17 balance, after VAT review was performed in was discovered that Vat Input was not claimed on creditor invoices, and VAT Output was incorrectly paid on Agency fees in prior years. This is now corrected with the following entries (Dt) Taxes Opening Balance R2 038 008.08, (Ct) Accumulated Surplus R2 038 008.08
 - (i) Correction of Trade Payables from Exchange Transactions Opening balance, credit notes applicable to prior years was incorrectly processed in 2017/18. Eden Municipality have written-off invoices still owing to them in 2016/17. This is now corrected with the following entries, Dt Trade Payables from Exchange Transactions R407 531.78 (Ct) Accumulated Surplus R407 531.78
 - (j) Correction of Capitalised Restoration Cost Opening balance Accumulated Depreciation. Calculation was adjusted retrospectively to rectify the carrying value of Grootkop Landfill site that was reflected as R0 in prior years. This is now corrected with the following entries, Dt Accumulated Depreciation Capitalised Restoration Cost, R3 229 235, (Ct) Accumulated Surplus Opening balance R3 229 235
 - (k) Correction of Capitalised Restoration Accumulated Depreciation 2016-17. Calculation was adjusted retrospectively to rectify the carrying value of Grootkop Landfill site that was reflected as R0 in prior years. This is now corrected with the following entries, Dt Accumulated Depreciation Capitalised Restoration Cost, R181 937, (Ct) Accumulated Surplus 2016-17 (Depreciation) R181 937
 - (l) Correction of Taxes Opening Balance, after investigation it was seen that an amount was incorrectly reflecting as VAT Input during prior periods. It relates to corrections made on receipts and was already paid over to SARS. This is now corrected with the following entries, Dt Accumulated Surplus Opening Balance R238 942.10(Ct) Taxes Opening Balance, R 238 942.10
 - (m) Correction of Other Assets Opening Balance at Cost and Accumulated Depreciation Opening balance, due to the first time recognition of movable assets identified during the annual asset count. This is now corrected with the following entries,, Dt Other Assets Cost Opening balance R60 385.06, and (Ct) Accumulated Depreciation Opening Balance R38 696.08, (Ct) Accumulated Surplus Opening balance R21 688.98
 - (n) Correction of Investment Property- Accumulated Impairment 2016/17. After investigation of FAR the entire population was corrected to correspond to the valuation roll. This is now corrected with the following entries, Dt. Accumulated Impairment Investment Property R877 011, (Ct) Accumulated Surplus 2016/17 R877 011
 - (o) Correction of Property Plant and Equipment Accumulated Impairment 2016/17. After investigation of the Fixed Asset Register, the entire population was corrected to correspond to the valuation roll. This is now corrected with the following entries, DT Accumulated Impairment Property Plant and Equipment, R9 510 270.78, and (Ct) Accumulated Surplus 2016/17

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- (p) Correction of Investment Property at Cost Opening balance. After reviewing the entire Fixed Asset Register, the population was adjusted to correspond to the valuation roll and deeds listing. This is now corrected with the following entries, Dt. Investment Property at Cost, R5 506 453.68, (Ct) Accumulated Surplus Opening balance, R5 506 453.68
- (q) Correction of Investment Property Accumulated Depreciation Opening balance. After reviewing the entire Fixed Asset Register, the population was adjusted to correspond to the valuation roll and deeds listing. This is now corrected with the following entries, Dt. Accumulated Depreciation Investment Property, R288 301.54, (Ct) Accumulated Depreciation Investment
- (r) Correction of Investment Property Accumulated 2016/17. After reviewing the entire fixed asset register, the population was adjusted to correspond to the valuation roll and deeds listing. This is now corrected with the following entries, Dt. Accumulated Depreciation Investment Property, R1 391 815.68, (Ct) Accumulated Depreciation Investment Property, R1 391 815.68
- (s) Correction of Land at Cost Opening balance. After reviewing the fixed asset register, the population was adjusted to correspond to the valuation roll and deeds listing. This is now corrected with the following entries, Dt. Accumulated Surplus Opening Balance, R8 346 704, (Ct) Land at Cost Opening Balance, R8 346 704
- (t) Correction of Buildings at Cost Opening balance. After reviewing the fixed asset register, the population was adjusted to correspond to the valuation roll and deeds listing. This is now corrected with the following entries, Dt Buildings at Cost Opening balance Opening Balance R15 652 931, (Ct) Accumulated Surplus at Cost Opening Balance, R15 652 931
- (u) Correction of Buildings Accumulated Depreciation at Cost Opening balance. After reviewing the fixed asset register, the population was adjusted to correspond to the valuation roll and deeds listing. This is now corrected with the following entries, Dt Buildings at Cost Opening balance R29 256 424 (Ct) Accumulated Depreciation Opening Balance R29 256 424
- (v) Correction of Buildings Accumulated Depreciation 2016/17. After Reviewing the fixed asset register, the population was adjusted to correspond to the valuation roll and deeds listing. This is now corrected with the following entries, Dt Buildings at Cost Opening balance R1955 299 (Ct) Accumulated Depreciation Opening Balance R1 955 299
- (w) Correction of Electricity Infrastructure Opening Balance at cost. After the physical verification of fixed assets were performed corrections were identified. This is now corrected with the following entries, Dt Accumulated Surplus Opening Balance R45 171 372, (Ct) Accumulated Surplus Opening balance R45 171 372
- (x) Correction of Accumulated Depreciation Electricity Infrastructure Opening balance. After physical verification of fixed assets were performed correction were identified. This is now corrected with the following entries, Dt Accumulate Surplus Opening balance, R14 593 180, (Ct) Accumulated Depreciation Infrastructure Electricity Opening Balance, R14 593 180
- (y) Correction of Accumulated Depreciation 2016/17 Electricity Infrastructure Opening Balance. After physical verification of fixed assets were performed corrections were identified. This is now corrected with the following entries, Dt. Accumulated Surplus 2016/17 R2 705 492, (Ct) Accumulated Depreciation 2016/17 R2 705 492
- (z) Correction of Community Assets-Recreational Facilities Opening Cost. After physical verification of fixed assets were performed corrections were identified. This is now corrected with the following entries, Dt Community Assets at Cost Opening Balance R847 185, (Ct) Accumulated Surplus Opening balance R847 185
- (aa) Correction of Accumulated Depreciation Community Assets - Recreational Facilities Opening balance. After physical verification of fixed assets were performed corrections have been identified. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R18 061 782, (Ct) Accumulated Depreciation Community Assets Opening balance R18 061 782
- (bb) Correction of Accumulated Depreciation Community - Recreational Facilities 2016/17. After physical verification of fixed assets were performed corrections have been identify. This is now corrected with the following entries, Dt Accumulated Depreciation Community Assets- Recreational Facilities 2016/17 R1 848 594, (Ct) Accumulated Surplus 2016/17 R1 848 594
- (cc) Correction of Community Assets- Libraries Opening balance Cost. After physical verification of fixed assets have been performed corrections have been identified. This is now corrected with the following entries, Dt Libraries at Cost Opening balance R3 371 117, (Ct) Accumulated Surplus Opening balance R3 371 117
- (dd) Correction of Accumulated Depreciation Community Assets- Libraries Opening balance. After physical verification of fixed assets corrections have been identified. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R1 988 574, (Ct) Accumulated Depreciation Community Assets Opening balance R1 988 574
- (ee) Correction of Accumulated Depreciation Community Assets- Libraries 2016/17. After physical verification of fixed assets corrections have been identified, this is now corrected with the following entries, Dt Accumulated Surplus 2016/17, R215 037 (Ct) Accumulated Depreciation Community Assets Libraries 2016/17 R 215 037
- (ff) Correction of Community Assets Cemeteries- Opening Cost. After physical verification corrections have been identified, this is now corrected with the following entries, Dt Community Assets Opening balance Cost R1 982 428, (Ct) Accumulated Surplus Opening balance R1 982 428
- (gg) Correction of Accumulated Depreciation Community Assets- Cemeteries Opening balance. After physical verification of the fixed assets corrections have been identified, this is now corrected with the following entries, Dt Accumulated Surplus Opening balance R615 611, (Ct) Accumulated Depreciation Community Assets- Cemeteries R615 611
- (hh) Correction of Accumulated Depreciation Community Assets- Cemeteries 2016/17. After physical verification of the fixed assets corrections were identified. This is now corrected with the following entries, Dt Accumulated Surplus 2016/17 R 68 172, (Ct) Accumulated Depreciation Community Assets- Cemeteries 2016/17 R 68 172
- (ii) Correction of Community Assets- Civic Land&Buildings at Cost Opening balance. After physical verification of the fixed assets, corrections were identified. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R4 994 249, (Ct) Community Assets- Civic land &buildings at Cost Opening balance R4 994 249

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- (jj) Correction of Accumulated Depreciation Community Assets- Civic Land&Buildings Opening balance. After physical verification of the fixed assets, corrections were identified. This is now corrected with the following entries, Dt Accumulated Surplus Opening Balance R347 217, (Ct) Accumulated Depreciation Community Assets Opening balance R347 217
- (kk) Correction of Accumulated Depreciation Community Assets- Civic Land&Buildings 2016/17. After physical verification of the fixed assets, corrections were identified. This is now corrected with the following entries, Dt Accumulated Surplus 2016/17, (Ct) Accumulated Depreciation Community Assets 2016/17 R 28 801
- (ll) Correction of Infrastructure Assets- Sanitation Opening balance at cost. After physical verification of the fixed assets, corrections were identified. This is now corrected with the following entries, Dt Infrastructure Assets - Sanitation at Cost R19 391 894, (Ct) Accumulated Surplus Infrastructure Opening balance R 19 391 894.
- (mm) Correction of Accumulated Depreciation- Sanitation Opening balance After physical verification of the fixed assets, corrections were identified. This is now corrected with the following entries. Dt Accumulated Surplus Opening balance R3 980 450, (Ct) Accumulated Depreciation Infrastructure Sanitation Opening balance R3 890 450.
- (nn) Correction of Accumulated Depreciation Infrastructure Sanitation 2016/17. After physical verification of the fixed assets, corrections were identified. This is now corrected with the following entries. Dt Accumulated Surplus 2016/17 R1 010 531, (Ct) Accumulated Depreciation Infrastructure Sanitation 2016/17 R 1 010 531
- (oo) Correction of Infrastructure Assets-Solid Waste Opening balance. After physical verification of fixed assets, corrections have been identified. This is now corrected with the following entries, Dt Infrastructure Assets- Solid Waste at Cost Opening balance R1 736 229, (Ct) Accumulated Surplus Opening balance R1 736 229
- (pp) Correction of the Buildings at Cost. After physical verification of fixed assets, it was decided to reverse the disposal of the previous year. This is now corrected with the following entries, Dt Buildings at Cost R213 833, (Ct) Accumulated Surplus 2016/17 R213 833
- (qq) Correction of Accumulated Depreciation Buildings 2016/17. After physical verification of fixed assets, it was decided to reverse the disposal of the previous year. This is now corrected with the following entries, Dt Accumulated Surplus 2016/17 R209 990, (Ct) Accumulated Depreciation Buildings 2016/17 R209 990
- (rr) Correction of Infrastructure Assets- Sanitation. After physical verification it was decided to reverse the disposal of previous year. This is now corrected with the following entries, Dt Infrastructure Assets at Cost R397 071, (Ct) Accumulated Surplus 2016/17 R397 071
- (ss) Correction of Accumulated Depreciation Infrastructure Assets- Sanitation 2016/17. After physical verification it was decided to reverse the disposal of previous year. This is now corrected with the following entries, Dt Accumulated Surplus 2016/17 R164 710, (Ct) Accumulated Depreciation Infrastructure Assets R164 710
- (tt) Correction of Infrastructure Assets- Water at Cost Opening balance. After physical verification on fixed assets was performed, there was corrections identified. This is now corrected with the following entries, Dt Infrastructure Water - Opening Balance R22 378 366, (Ct) Accumulated Surplus Opening balance R22 378 366
- (uu) Correction of Accumulated Depreciation Infrastructure Water- Opening balance. After physical verification on fixed assets was performed, there was corrections identified. This is now corrected with the following entries, Dt Accumulated Surplus Opening Balance R34 901 105, (Ct) Accumulated Depreciation Infrastructure Opening Balance, R34 901 105
- (vv) Correction of Accumulated Depreciation Infrastructure- Water 2016/17. After physical verification on fixed assets was performed, there was corrections identified. This is now corrected with the following entries, Dt Accumulated Surplus 2016/17 R3 883 717, (Ct) Accumulated Depreciation Infrastructure-Water 2016/17 R3 883 717
- (ww) Correction of Infrastructure Roads at cost Opening balance. After physical verification on fixed assets was performed, there was corrections identified. This is now corrected with the following entries, Dt Infrastructure Assets- Roads Opening balance R10 320 984, (Ct) Accumulated Surplus Opening balance R10 320 984

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- (xx) Correction of Accumulated Depreciation Infrastructure-Roads Opening balance. After physical verification on fixed assets was performed, there was corrections identified. This is now corrected with the following entries, Dt Accumulated Surplus Opening balance R495 791, (Ct) Accumulated Depreciation Infrastructure Roads Opening balance R495 791
- (yy) Correction of Accumulated Depreciation Infrastructure-Road 2016/17. After physical verification on fixed assets was performed, there was corrections identified. This is now corrected with the following entries, Dt Accumulated Surplus 2016/17 R1 777 866, (Ct) Accumulated Depreciation Infrastructure-Roads 2016/17 R1 777 866
- (zz) Correction of Capitalised Restoration at Cost. The change in estimate reversal of 2016/17. This is now corrected with the following entries (Dt) Accumulated Surplus 2016/17 R1 286 429, (Ct) Capitalised Restoration Cost R1 286 429

	2017 R	2016 R
41.01 Accumulated Surplus/(Deficit)		
Balance previously reported	500 267 871	421 455 743
Correction of Unspent Conditional Grants Opening Balance as per 40.01(a)	-	(348 889)
Correction of Trade Payables from Exchange Transactions - Sundry Creditors 2016/17 as per note 40.01(b)	1 970 765	-
Correction of Receivables from Non-Exchange :Sundry Debtors 2016-17 as per note 40.01 (c)	(36 574)	-
Correction of Trade Payables from Exchange Transactions-Trade Payables 2016/17 (Operational Cost), as per note 40.01(d)	(634 384)	-
Correction of Receivables from Exchange Transactions Opening balance- Service Debtors as per note 40.01 (e)	-	318 882
Correction of Trade Payables From Exchange Transactions- Opening Balance as per note 40.01(f)	-	186 964
Correction of Taxes Opening balance as per note 40.01(g)	-	1 571 432
Correction of Taxes 2016/17 balance as per note 40.01(h)	2 038 008	-
Correction of Trade Payables Opening balance as per note 40.01(i)	-	407 535
Correction of Capitalised Restoration Cost Opening balance Accumulated Depreciation as per note 40.01(j)	-	3 229 235
Correction of Capitalised Restoration Accumulated Depreciation 2016-17 as per note 40.01(k)	(38 063)	-
Correction of Taxes Opening Balance as per note 40.01(l)	-	(238 942)
Correction of Other Assets Cost Opening Balance as per note 40.01(m)	-	60 385
Correction of Other Assets Accumulated Depreciation Opening balance as per note 40.01(n)	-	(38 696)
Correction of Investment Property Accumulated Impairment as per note 40.01(o)	877 011	-
Correction of Property Plant and Equipment Accumulated Impairment as per note 40.01(p)	9 510 271	-
Correction of Investment Property Opening balance at Cost, as per note 40.01(q)	-	5 506 454
Correction of Accumulated Depreciation Investment Property Opening balance as per note 40.01(r)	-	(288 302)
Correction of Accumulated Depreciation Investment Property 2016/17 as per note 40.01 (r)	(1 391 816)	-
Correction of Land at Cost Opening Balance as per note 40.01(s)	-	(8 346 704)
Correction of Buildings at Cost as per note 40.01(t)	-	15 652 931
Correction of Accumulated Depreciation Buildings as per note 40.01(u)	-	(29 256 424)
Correction of Accumulated Depreciation Buildings 2016/17 as per note 40.01(v)	(1 955 299)	-
Correction of Electricity Infrastructure Opening Cost as per note 40.01(w)	-	41 577 199
Correction of Accumulated Depreciation Electricity Opening balance as per note 40.01(x)	-	(14 593 180)
Correction of Accumulated Depreciation Electricity 2016/17 as per note 40.01(y)	(2 705 492)	-
Correction of Community Assets- Recreational Facilities at Cost as per note 40.01(z)	-	(1 410 820)
Correction of Accumulated Depreciation Recreational Facilities Opening balance, as per note 40.01(aa)	-	(18 061 782)
Correction of Accumulated Depreciation Recreational Facilities 2016/17 as per note 40.01(bb)	(1 848 594)	-
Correction of Community Assets - Libraries at Cost Opening balance as per note 40.01(cc)	-	3 371 117
Correction of Accumulated Depreciation Libraries Opening balance as per note 40.01(dd)	-	(1 988 574)
Correction of Accumulated Depreciation Libraries 2016/17 as per note 40.01(ee)	(215 037)	-
Correction of Community Assets - Cemeteries at Cost Opening balance as per note 40.01(ff)	-	1 982 428
Correction of Accumulated Depreciation Cemeteries Opening balance as per note 40.01(gg)	0	(615 611)
Correction of Accumulated Depreciation Cemeteries 2016/17 as per note 40.01(hh)	(68 172)	-
Correction of Community Assets Civic Buildings at Cost Opening balance as per note 40.01(ii)	-	(5 120 449)
Correction of Accumulated Depreciation Community Assets- Civic Buildings Opening Balance as per note 40.01(jj)	-	(347 217)
Correction of Accumulated Depreciation Civic Buildings 2016/17 as per note 40.01(kk)	(28 801)	-
Correction of Infrastructure Assets- Sanitation Opening balance as per note 40.01(ll)	-	12 679 143
Correction of Accumulated Depreciation Infrastructure Sanitation Opening balance as per note 40.01(mm)	-	(3 890 450)
Correction of Accumulated Depreciation Infrastructure Sanitation 2016/17 as per note 40.01(nn)	(1 010 531)	-
Correction of Infrastructure Assets - Solid Waste at Cost Opening balance 40.01(oo)	-	1 736 229
Correction of Buildings at Cost as per note 40.01(pp)	213 833	-
Correction of Accumulated Depreciation -Buildings 2016/17 as per note 40.01(qq)	(209 990)	-
Correction of Infrastructure Sanitation at Cost as per note 40.01(rr)	397 071	-
Correction of Accumulated Depreciation Infrastructure- Sanitation 2016/17 as per note 40.01(ss)	(164 710)	-
Correction of Infrastructure - Water Opening balance at cost as per note 40.01(tt)	-	22 378 366
Correction of Accumulated Depreciation Infrastructure-Water Opening balance as per note 40.01(uu)	0	34 901 105
Correction of Accumulated Depreciation Infrastructure- Water 2016/17 as per note 40.01(vv)	(3 883 717)	-
Correction of Infrastructure Roads Opening balance Cost as per note 40.01(ww)	-	10 320 984
Correction of Accumulated Depreciation Infrastructure Roads Opening balance as per note 40.01(xx)	-	495 791
Correction of Capitalised Restoration Cost 2016/17 as per note 40.01(zz)	-	(1 286 429)
Correction of Accumulated Depreciation Infrastructure Roads 2016/17(yy)	(1 777 866)	-
Restated Balance	499 305 785	491 999 454

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2017 R	2016 R
41.02 Taxes			
Balance previously reported		6 293 148	6 906 321
Correction of Taxes Opening balance as per note 40.01(g)		(1 571 432)	(1 571 432)
Correction of Taxes 2016/17 balance as per note 40.01(h)		(2 038 008)	
Correction of Taxes Opening Balance as per note 40.01(l)		238 942	238 942
Restated Balance		2 922 650	5 573 831
41.03 Property, Plant and Equipment			
Balance previously reported		957 759 552	914 679 469
Cost			
Correction of Other Assets at Cost as per note 40.01(m)		60 385	60 385
Correction of Land at Cost Opening Balance as per note 40.01(s)		(8 346 704)	(8 346 704)
Correction of Buildings at Cost as per note 40.01(t)		15 652 931	15 652 931
Correction of Electricity Infrastructure Opening Cost as per note 40.01(w)		41 577 199	41 577 199
Correction of Community Assets- Recreational Facilities at Cost as per note 40.01(z)		(1 410 820)	(1 410 820)
Correction of Community Assets - Libraries at Cost Opening balance as per note 40.01(cc)		3 371 117	3 371 117
Correction of Community Assets - Cemeteries at Cost Opening balance as per note 40.01(ff)		1 982 428	1 982 428
Correction of Community Assets Civic Buildings at Cost Opening balance as per note 40.01(ii)		(5 120 449)	(5 120 449)
Correction of Infrastructure Assets- Sanitation Opening balance as per note 40.01(all)		12 679 143	12 679 143
Correction of Infrastructure Assets - Solid Waste at Cost Opening balance 40.01(oo)		1 736 229	1 736 229
Correction of Buildings at Cost as per note 40.01(pp)		213 833	-
Correction of Infrastructure Sanitation at Cost as per note 40.01(Err)		397 071	-
Correction of Infrastructure - Water Opening balance at cost as per note 40.01(tat)		22 378 366	22 378 366
Correction of Infrastructure Roads Opening balance Cost as per note 40.01(wow)		10 320 984	10 320 984
Restated Balance		1 053 251 265	1 009 560 278
Balance previously reported		(281 646 931)	(259 094 499)
Accumulated Depreciation and Impairments			
Correction of Other Assets Accumulated Depreciation Opening balance as per note 40.01(m)		(38 696)	(38 696)
Correction of Property Plant and Equipment Accumulated Impairment as per note 40.01(o)		9 510 271	
Correction of Accumulated Depreciation Buildings as per note 40.01(u)		(29 256 424)	(29 256 424)
Correction of Accumulated Depreciation Buildings 2016/17 as per note 40.01(v)		(1 955 299)	-
Correction of Accumulated Depreciation Electricity Opening balance as per note 40.01(x)		(14 593 180)	(14 593 180)
Correction of Accumulated Depreciation Electricity 2016/17 as per note 40.01(y)		(2 705 492)	-
Correction of Accumulated Depreciation Recreational Facilities Opening balance, as per note 40.01(aa)		(18 061 782)	(18 061 782)
Correction of Accumulated Depreciation Recreational Facilities 2016/17 as per note 40.01(bb)		(1 848 594)	-
Correction of Accumulated Depreciation Libraries Opening balance as per note 40.01(did)		(1 988 574)	(1 988 574)
Correction of Accumulated Depreciation Libraries 2016/17 as per note 40.01(eel)		(215 037)	-
Correction of Accumulated Depreciation Cemeteries Opening balance as per note 40.01(gg)		(615 611)	(615 611)
Correction of Accumulated Depreciation Cemeteries 2016/17 as per note 40.01(he)		(68 172)	-
Correction of Accumulated Depreciation Community Assets- Civic Buildings Opening Balance as per note 40.01(juju)		(347 217)	(347 217)
Correction of Accumulated Depreciation Civic Buildings 2016/17 as per note 40.01(Kok)		(28 801)	-
Correction of Accumulated Depreciation Infrastructure Sanitation Opening balance as per note 40.01(mm)		(3 890 450)	(3 890 450)
Correction of Accumulated Depreciation Infrastructure Sanitation 2016/17 as per note 40.01(nan)		(1 010 531)	-
Correction of Accumulated Depreciation Buildings 2016/17 as per note 40.01(qi)		(209 990)	-
Correction of Accumulated Depreciation Infrastructure- Sanitation 2016/17 as per note 40.01(sus)		(164 710)	-
Correction of Accumulated Depreciation Infrastructure-Water Opening balance as per note 40.01(uGu)		34 901 105	34 901 105
Correction of Accumulated Depreciation Infrastructure- Water 2016/17 as per note 40.01(vivo)		(3 883 717)	-
Correction of Accumulated Depreciation Infrastructure Roads Opening balance as per note 40.01(xx)		495 791	495 791
Correction of Accumulated Depreciation Infrastructure Roads 2016/17(my)		(1 777 866)	-
Restated Balance		(319 399 908)	(292 489 537)
		733 851 357	717 070 741

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2017 R	2016 R
41.04 Investment Property		
Balance previously reported		
Cost	79 095 200	79 095 200
Correction of Investment Property Opening balance at Cost, as per note 40.01(p)	5 506 454	5 506 454
Accumulated Depreciation and Impairment	(15 761 354)	(14 624 703)
Correction of Investment Property Accumulated Impairment as per note 40.01(n)	877 011	-
Correction of Accumulated Depreciation Investment Property Opening balance as per note 40.01(q)	(288 302)	(288 302)
Correction of Accumulated Depreciation Investment Property 2016/17 as per note 40.01 (r)	(1 391 816)	-
Restated Balance	68 037 193	69 688 649
	2017 R	2016 R
41.05 Capitalised Restoration Cost		
Balance previously reported		
Cost	12 814 322	11 527 893
Correction of Accumulated Depreciation Infrastructure Roads 2016/17(yy)	(1 286 429)	(1 286 429)
Accumulated Depreciation	(7 660 268)	(7 063 960)
Correction of Capitalised Restoration Cost Opening balance Accumulated Depreciation as per note 40.01(j)	3 229 235	3 229 235
Correction of Capitalised Restoration Accumulated Depreciation 2016-17 as per note 40.01(k)	(38 063)	-
Restated Balance	7 058 798	7 693 168
	2017 R	2016 R
41.06 Receivables from Exchange Transactions		
Balance previously reported	39 803 680	38 705 895
Correction of Receivables from Exchange Transactions Opening balance- Service Debtors as per note 40.01 (e)	318 882	318 882
Restated Balance	40 122 562	39 024 777
	2017 R	2016 R
41.07 Receivables from Non-Exchange Transactions		
Balance previously reported	11 603 737	11 239 167
Correction of Receivables from Non-Exchange :Sundry Debtors 2016-17 as per note 40.01 (c)	(36 574)	-
Restated Balance	11 567 163	11 239 167

	2018 R	2017 R
42 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	52 228 416	77 850 042
Adjustments for:		
Depreciation and Amortisation	40 084 855	34 369 124
Loss/(Gain) on Sale of Fixed Assets	1 835 833	(3 843)
Impairment Loss/(Reversal of Impairment Loss)	(114 708)	713 047
Contributed Property, Plant and Equipment	(194 742)	-
Change in Provision for Rehabilitation Cost	8 954 784	7 006 964
Contribution from/to provisions - Non-Current Employee Benefits	4 038 320	(1 129 160)
Contribution to employee benefits-current	2 425 607	224 132
Assets written off	-	-
Operating Surplus/(Deficit) before changes in working capital	109 258 366	119 030 305
Changes in working capital	22 253 484	(29 413 740)
Increase/(Decrease) in Provisions		
Increase/(Decrease) in Trade and Other Payables	12 533 324	(14 568 804)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(492 292)	(6 596 405)
(Increase)/Decrease in Unpaid Conditional Public Grants and Reserves	2 685 184	(2 370 548)
Increase/(Decrease) in Employee Benefits		
Increase/(Decrease) in Taxes	5 205 182	(3 983 671)
(Increase)/Decrease in Inventory	(91 385)	(173 534)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	911 606	(1 416 668)
(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	1 496 748	(327 996)
(Increase)/Decrease in Operating Lease Asset	5 116	23 885
Cash generated/(absorbed) by operations	131 511 849	89 616 565
	2018 R	2017 R
43 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 11	-	-
Call Deposits and Investments - Note 11	63 354 881	23 517 914
Primary Bank Account - Note 11	7 404 795	4 260 215
Cash Floats - Note 11	37 860	37 815
Investments - Note 11	-	-
Total cash and cash equivalents	70 797 536	27 815 944
	2018 R	2017 R
44 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 11	70 797 536	27 815 944
Less:	(17 823 051)	(7 264 860)
Unspent Transfers and Subsidies - Note 18	(9 695 218)	(10 187 510)
VAT - Note 19	(8 127 832)	2 922 650
Net cash resources available for internal distribution	52 974 486	20 551 084
Resources available for working capital requirements	52 974 486	20 551 084
	2018 R	2017 R
45 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 12	60 539 292	92 172 897
Used to finance property, plant and equipment - at cost	(60 539 292)	(92 172 897)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		

46 BUDGET INFORMATION

46.01 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 10%, or materiality of R5.6 million : Final Budget and Actual Amounts

46.02 Statement of Financial Position

46.02.1 Current Assets

Cash

Actual cash on hand is R7.442 million less than budgeted because the municipality decided to invest more due to higher interest rates.

Call Investment Deposits

Actual investments is 39.8 million more than budgeted because of the improved cash flow position subsequent to the revenue gains from the revenue enhancement strategy being implemented, as well as increased debt collection efforts.

Consumer Debtors

Consumer debtors is R18 million more than budgeted, mainly due to the fact that less debt was written off than anticipated. Council have decided to only write-off debt that have prescribed, which is much lower than was initially planned.

Other Debtors

Other debtors is R2,9 million less than budgeted, because it was originally estimated during the budget process that there would be an unpaid conditional grant as at 30 June 2018 in respect of MIG funding. The MIG allocation was however 100% spent and in addition thereto it was found that it was overspent in prior periods.

46.02.2 Non-Current Assets

Property, Plant and Equipment

Property Plant and Equipment is R40 million more than budgeted. There was a complete asset verification performed, which have lead to the adjustment of the opening balance Property Plant & Equipment, being more than budgeted. The reviewing of useful lives that was also not taken into consideration during budget process. This have lead to the depreciation for infrastructure to be much lower than anticipated

Other Non-Current Assets

Other non-current assets are R5.8 million lower than budgeted, and only includes the Heritage assets. It was anticipated that the asset value would increase, which was not the case during the year.

46.02.3 Current Liabilities

Trade and Other Payables

Trade and Other payables are R10 million higher than budgeted, mainly due to the much higher amount for Taxes payable and Sundry Creditors outstanding. Taxes are relating to Output VAT in suspense and the larger amount of billed revenue, whereas the Sundry Creditors owing relates creditor provisions on conditional grants only paid after year-end.

46.02.4 Non-Current Liabilities

Borrowing

Borrowing is R14 million less than budgeted, because of the full repayment on long outstanding creditor agreements. This was not anticipated during the budget process, but correctly disclosed in the financial statements.

Provisions

Increase in Non-current Provisions of R16 million mainly represent the larger than inflation increase on the Landfill Site Provision. This is due to the external experts report received from Jan Palm Engineering and additional estimates made towards the rehabilitation of the sites.

46.02.5 Net Assets

Accumulated Surplus/(Deficit)

Accumulated Surplus is more than anticipated during the budget process, due to the much higher surplus in the Statement of Financial Performance. Surplus is mainly higher due to the actuarial gains, that can't be forecasted before hand due to the assumptions used by the expert actuaries.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

46.03 Statement of Financial Performance

46.03.1 Revenue

Service Charges - Electricity Revenue

Billed revenue Electricity is R7 million less than budgeted, mainly due to the increase number of indigent subsidies provided and energy saving initiatives implemented. This have cause the use of conventional electricity to be much less than anticipated

Rental of Facilities and Equipment

Rental of facilities is R1.9 million more than budgeted, due to the increase in income received from rental of community halls. The budget is determined using past trends as a basis, which was lower than the actual revenue realised during 2017/18

Interest Earned - External Investments

Interest on external investments is R917 885 more than budgeted due to the large amount of funds invested during 2017/18. The increase is measured against the much improved cash flow position and ability to make investments during the current financial year

Fines

Fines revenue are less than anticipated due to tender for speed camera services not being awarded, the delay was caused by bidders not being able to render a service at economically viable rates to the municipality, the tender was therefore re-specified and advertised.

Transfers Recognised - Operational

Transfers Recognized operational is R10 million lower than budgeted mainly due additional project funding for the Human Settlement Development not transferred. Approval for the project was after 30 June 2018, and will be budgeted accordingly in the revised budget for 2018/19.

Other Revenue

Other revenue is more than budgeted by R6 million, due to the actuarial gains realised to the value of R6 million. This was not budgeted, as the assumptions used by expert actuaries can not be accurately forecasted during budget process.

Transfers Recognised - Capital

Transfers Recognized Capital is R7.7 million lower than budgeted mainly due additional project funding for the Human Settlement Development not transferred. Approval for the project was after 30 June 2018, and will be budgeted accordingly in the revised budget for 2018/19. The Conditional grant towards Upgrading of Congo Caves was also not spent, due to late transfer and a roll-over application will be submitted to Provincial Treasury.

46.03.2 Expenditure

Employee Related Costs

Employee related cost is R15 million below budget, due to vacancies that budgeted and not filled.

Debt Impairment

Debt Impairment budgeted relates to the Reversal/Contribution towards bad debt provision. There was much less debt written-off than budgeted during 2017/18 that has led to a decrease in contribution that needs to be made. Actual to be written-off was in line with council resolutions, and could not be accurately forecasted during budget process

Depreciation and Asset Impairment

Depreciation on assets is R8 million lower than budgeted amount, due to the review of remaining useful lives that was now performed. The complete Fixed Asset Register was reviewed for the first time since inception, which have lead to adjustments on the depreciation charges

Other Materials

Other materials are R9 million below budgeted amount, due to strict cost containment measures implemented to ensure a positive cash position. This underspending consists of inventory items and consumables that were not purchased.

Contracted Services

Contracted services are R2.5 million more than budgeted because of the reclassification in terms of the mSCOA Regulations. During budget process certain expenditure was classified as operational cost, but reallocated during the year-end procedures to Contracted Services. Refer to note 31 for detailed description of work performed

Transfers and Grants

Transfer and Grants is R1.4 million more than budgeted, because of the Emergency Housing Grant from Provincial Government being reclassified. It was shown as operational cost during budget process, and reclassified now according to mSCOA Regulations as Transfers and Subsidies.

Other Expenditure

Other Expenditure is R44 million lower than budget, this is mainly due to the underspending of the Human Settlement Grant - new housing project where funds were not transferred or expenditure incurred before 30 June 2018. The remainder of underspending is due to cost containment measures and operational cost items saved during 2017/18

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

46.04 Cash Flow Statement

46.04.1 Net Cash from Operating Activities

Service Charges

Actual Revenue from Services rendered were R28 million more than budgeted, due to the very strict debt collecting and revenue enhancement strategies that were implemented during the year. The budget was prepared on the assumption of a lower debt collection rate, than what was actual as at year end

Government - Operating

Operating grants were R10 million lower than budgeted mainly due additional project funding for the Human Settlement Development not transferred. Approval for the project was after 30 June 2018, and will be budgeted accordingly in the revised budget for 2018/19.

Government - Capital

Capital Grants were R7.7 million lower than budgeted mainly due additional project funding for the Human Settlement Development not transferred. Approval for the project was after 30 June 2018, and will be budgeted accordingly in the revised budget for 2018/19. The Conditional grant towards Upgrading of Congo Caves was also not spent, due to late transfer and a roll-over application will be submitted to Provincial Treasury.

Interest

Interest on investments and current bank account were more than budgeted due to the large amount of funds invested during 2017/18. The increase is measured against the much improved cash flow position and ability to make investments during the current financial year

Suppliers and Employees

Actual expenditure is R68 million lower than budget because it included conditional grant expenditure for projects that did not commence. The remainder of the saving is due to very strict cost containment and expenditure management.

Transfers and Grants

Transfer and Grants is R1.4 million more than budgeted, because of the Emergency Housing Grant from Provincial Government being reclassified. It was shown as operational cost during budget process, and reclassified now according to mSCOA Regulations as Transfers and Subsidies.

46.04.2 Net Cash from Investing Activities

Capital Assets

Capital expenditure is R9.8 million lower than budgeted which comprises mainly out of the Human Settlement Grant project and Infrastructure Upgrading of Congo Caves that did not commence during 2017/18. These projects will be budgeted in a roll-over revised budget 2018/19 if approval is granted by the Province.

46.04.3 Net Cash from Financing Activities

Increase/(Decrease) in Consumer Deposits

Consumer deposits are R252 752 more than budgeted, and this is due to the economic growth and new consumer accounts that were not taken into consideration when the budget was prepared

Repayment of Borrowing

Repayment of borrowing were R12 million more than budget, because the repayment of long outstanding creditors in arrears were not included in this item during budget process. It was actual cash that was repaid and should have been included.

47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

47.01 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	313 708 083	313 708 083
Unauthorised expenditure current year - operational	-	-
Unauthorised expenditure current year - capital	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	313 708 083	313 708 083

2018
R

2017
R

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes 2016/17	Resolution to be investigated	-	-
Over expenditure on votes 2015/16	Resolution to be investigated	-	41 127 669
Over expenditure on votes 2014/15	Resolution to be investigated	-	87 309 086
Capital funds used to pay operational costs	Resolution to be investigated	-	8 349 173
Funding not spent in accordance with intended purposes	Resolution to be investigated	-	1 904 664
Over expenditure on votes 2013/2014	Resolution to be investigated	-	59 890 226
Over expenditure on votes 2012/2013- adjusted	Resolution to be investigated	-	38 983 113
Over expenditure on votes 2011/2012	Resolution to be investigated	-	3 984 088
Over expenditure on votes 2010/2011	Resolution to be investigated	-	26 420 092
Over expenditure on votes 2009/2010	Resolution to be investigated	-	9 181 875
Over expenditure on votes 2008/2009	Resolution to be investigated	-	36 558 096
		-	313 708 083

2018
R

2017
R

OUTDSHOORN MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 Actual R	2018 Final Budget R	2018 Variance R	2018 Unauthorised R
<u>Unauthorised expenditure current year - operating</u>				
Community And Public Safety	107 160 458	109 157 801	1 997 343	-
Corporate Services	23 992 885	25 853 854	1 860 969	-
Executive & Council	60 532 465	64 295 913	3 763 448	-
Financial Services	36 351 473	41 112 422	4 760 949	-
Human Settlement	41 529 291	56 568 902	15 039 611	-
Municipal Manager	16 127 347	19 209 443	3 082 096	-
Strategic Services	16 270 831	17 994 360	1 723 529	-
Technical Services	273 993 889	277 580 329	3 586 440	-
	<u>575 958 638</u>	<u>611 773 024</u>	<u>35 814 386</u>	<u>-</u>

	2018 Actual R	2018 Final Budget R	2018 Variance R	2018 Unauthorised R
<u>Unauthorised expenditure current year - capital</u>				
Community And Public Safety	2 773 201	5 030 791	2 257 590	-
Corporate Services	106 883	120 000	13 117	-
Financial Services	2 968 579	3 105 000	136 421	-
Human Settlement	16 120 067	18 186 497	2 066 430	-
Municipal Manager	135 489	1 499 789	1 364 300	-
Technical Services	34 756 275	39 763 113	5 006 838	-
	<u>56 860 493</u>	<u>67 705 190</u>	<u>10 844 697</u>	<u>-</u>

	2018 R	2017 R
47.02 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	34 956 608	33 659 515
Fruitless and wasteful expenditure current year	477 042	1 297 093
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
	<u>35 433 650</u>	<u>34 956 608</u>
	2018 R	2017 R

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Interest paid on arrear invoices of The Business Zone 2713	None	-	276 214
Interest paid on arrear invoices of Coetzee & Van den Berg Attorneys	None	-	7 962
Interest paid on arrear invoices of CF van der Mescht	None	26 057	98 304
Interest paid on arrear invoices of Nurcha Financial Services	None	315 698	550 040
Interest paid on arrear invoices of Umvoto	None	111 199	299 662
Interest paid on arrear invoices of Lyners	None	24 087	64 911
		<u>477 042</u>	<u>1 297 093</u>
		2018 R	2017 R

47.03 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	280 598 811	269 086 697
Irregular expenditure current year	188 261	11 512 114
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
	<u>280 787 072</u>	<u>280 598 811</u>

OUTSHOORN MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
Irregular expenditure can be summarised as follow:			
Incident	Disciplinary steps/criminal proceedings		
Deviations not justifiable	Ongoing	-	76 299
Three quotations not obtained, no reason for deviation, deviation not approved	Ongoing	-	18 877
False declaration of interest	Ongoing	-	188 095
Deviations not approved	Ongoing	-	185 202
Multiple deviations approved to the same supplier for the same service	Ongoing	42 415	253 720
Three quotations not obtained	Ongoing	-	17 600
No procurement process followed	Ongoing	142 619	482 044
No quotation process followed	Ongoing	-	69 459
No motivation for obtaining less than three quotes	Ongoing	-	209 577
Three quotations not obtained, no deviation process	Ongoing	-	632 368
No contracts available	Ongoing	616	48 524
Invoice handed in after 3 months non-compliance Sect 65 2 (e) MFMA Suppliers to be paid within 30 days of invoice or	Ongoing	-	9 351
Work done without purchase order	Ongoing	-	799 163
Work done without purchase order/not registered on CSD	Ongoing	2 610	2 052
Legal Case - Oudtshoorn Municipality vs Karoo Valley Farm	Ongoing	-	48 721
Payments made to suppliers exceed contract price	Ongoing	-	4 222 153
Employee Allowances paid in contravention of act	Ongoing	-	217 739
Formal Written price quotation process not followed for awards of procurements of a transaction value over R10,000	Ongoing	-	481 318
Competitive bidding process not followed for amounts exceeding R200,000	Ongoing	-	2 390 133
Entered into inactive contracts secured by another organ of state	Ongoing	-	544 123
No employee files	Ongoing	-	605 250
Bonus paid in contravention with agreement	Ongoing	-	10 348
		<u>188 261</u>	<u>11 512 114</u>

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

		2018 R	2017 R
48	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
48.01	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)</u>		
	Opening balance	68 338	3 079 325
	Council subscriptions	2 161 011	2 215 942
	Amount paid - current year	(2 161 011)	(3 256 163)
	Correction of error note 40.1		(1 970 765)
	Amount paid - previous years	(68 338)	
	Balance unpaid (included in creditors)	-	68 338
		2018 R	2017 R
48.02	<u>Audit fees - [MFMA 125 (1)(c)]</u>		
	Opening balance	(941 533)	2 078 288
	Current year audit fee	6 846 126	3 141 868
	External Audit - Auditor-General	6 846 126	3 141 868
	Amount paid - current year	(6 846 126)	(6 161 689)
	Amount paid - previous year	941 533	
	Balance unpaid (included in creditors)	-	(941 533)
		2018 R	2017 R
48.02	<u>VAT - [MFMA 125 (1)(c)]</u>		
	Opening balance	(2 922 650)	(7 078 850)
	Nett movements	(5 205 182)	4 156 200
	Closing balance - Receivable	(8 127 832)	(2 922 650)
	Input VAT	3 324 779	5 486 830
	Output VAT	(11 452 611)	(8 409 480)
	Receivable	(8 127 832)	(2 922 650)
	VAT is payable/receivable on the invoice basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
		2018 R	2017 R
48.03	<u>PAYE, SDL and UIF - [MFMA 125 (1)(c)]</u>		
	Opening balance	-	-
	Current year payroll deductions	26 984 904	20 421 368
	Amount paid - current year	(26 984 904)	(20 421 368)
	Balance unpaid (included in creditors)	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 R	2017 R
48.04 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	52 170 011	45 007 605
Amount paid - current year	(52 170 011)	(45 007 605)
Amount paid - previous year		
Balance unpaid (included in creditors)	-	-

48.05 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

Councillor's did not have arrears debt outstanding longer than 90 days during the current or prior periods under review

48.06 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Amount	Single Supplier	Impossible	Type of Deviation Impractical	Emergency
July	164 281	-	164 281	-	-
August	82 811	-	82 811	-	-
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	25 080	-	-	-	25 080
January	412 529	-	107 372	-	305 157
February	312 390	63 413	248 977	-	-
March	293 012	26 843	266 168	-	-
April	6 677 279	-	160 268	-	6 517 011
May	1 550 443	22 242	1 158 953	-	369 249
June	6 925 809	2 995	1 025 814	-	5 897 000
	16 443 634	115 492	3 050 365	-	13 113 496

	2018 R	2017 R
48.07 Material losses		
Electricity distribution losses		
Units purchased (Kwh)	152 635 303	155 261 354
Units lost during distribution (Kwh)	12 440 820	15 616 883
Percentage lost during distribution	8.15%	10.06%
Water distribution losses		
Units purchased (ml)	6 451 108	6 988 632
Units lost during distribution (ml)	1 135 134	513 026
Percentage lost during distribution	17.60%	7.34%

	2018 R	2017 R
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49 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The municipality did not hedge against any interest rate risks during the current year.

	2018 R	2017 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2017: 1%) Increase in interest rates	28 156	(1 091 110)
1% (2017: 1%) Decrease in interest rates	(28 156)	545 555

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

	2018 %	2018 R	2017 %	2017 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	20 036 542	100.00%	17 736 747
<u>Exchange Receivables</u>				
Electricity	22.96%	19 972 192	21.22%	19 526 342
Water	29.19%	25 396 161	28.53%	26 251 857
Property Rentals	0.00%	590	0.00%	589
Waste Management	13.19%	11 470 886	14.60%	13 428 532
Waste Water Management	15.50%	13 479 941	15.95%	14 670 153
Units not billed	7.72%	6 718 541	5.70%	5 246 567
Water and Sanitation Service Authority	0.00%	-	0.00%	-
Klein Karoo Water Scheme	3.87%	3 362 475	6.01%	5 526 402
Legal Fees Recovery	0.84%	727 184	1.33%	1 225 968
Sundry municipal charges	6.69%	5 816 667	6.60%	6 075 452
Prepaid expenditure	0.02%	17 529	0.03%	25 124
Other receivables	0.03%	25 953	0.03%	25 953
	100.00%	86 988 119	100.00%	92 002 939

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 8 and 9 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2018 %	2018 R	2017 %	2017 R
<u>Non-exchange Receivables</u>				
Rates	19.10%	12 423 081	14.39%	10 817 518
Fines	7.46%	4 853 789	16.61%	12 487 582
<u>Exchange Receivables</u>				
Services	73.44%	47 777 162	69.00%	51 880 376
	100.00%	65 054 032	100.00%	75 185 476

The provision for bad debts could be allocated between the different categories of receivables as follow:

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 %	2018 R	2017 %	2017 R
Government	0.54%	351 356	0.81%	608 272
Business	2.58%	1 678 645	2.98%	2 237 429
Residential	80.17%	52 155 973	68.97%	51 856 326
Indigents	10.92%	7 101 830	10.09%	7 588 710
Other	5.79%	3 766 228	17.15%	12 894 738
	100.00%	65 054 032	100.00%	75 185 476

Balances past due not impaired:

	2018 %	2018 R	2017 %	2017 R
<u>Non-exchange Receivables</u>				
Rates	67.57%	2 568 731	55.22%	2 729 698
Fines	32.43%	1 232 695	44.78%	2 213 788
	100.00%	3 801 426	100.00%	4 943 486

Exchange Receivables

Services	100.00%	11 827 051	100.00%	11 143 570
	100.00%	11 827 051	100.00%	11 143 570

	2018 R	2017 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	86 988 119	92 002 939
Receivables from non-exchange transactions	27 347 284	34 872 262
Cash and Cash Equivalents	63 354 881	23 517 914
	177 690 284	150 393 115

The municipality is also exposed to a number of guarantees issued in favour of trade creditors. These guarantees are listed below:

Guarantee held at Standard Bank of South Africa in the favour of AFS Fuel	100 000	100 000
Guarantee held at Standard Bank of South Africa in the favour of ESKOM	409 100	409 100
	509 100	509 100

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2018				
Long-term Liabilities	21 682 393	52 136 995	2 808 790	-
Provision for Rehabilitation of Landfill-sites	7 445 361		13 546 166	242 733 462
Trade and Other Payables	50 630 762	-	-	-
Unspent Conditional Grants and Receipts	9 695 218			
	79 758 517	52 136 995	16 354 956	242 733 462
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2017				
Long-term Liabilities	39 611 099	70 910 647	5 484 326	-
Provision for Rehabilitation of Landfill-sites	6 443 115		11 882 696	278 759 135
Trade and Other Payables	36 074 284	-	-	-
Unspent Conditional Grants and Receipts	10 187 510	-	-	-
	92 316 008	70 910 647	17 367 022	278 759 135

50 FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

		2018 R	2017 R
50.01	<u>Financial Assets</u>		
	<u>Classification</u>		
	Receivables from Exchange Transactions		
	Electricity	19 972 192	19 526 342
	Water	25 396 161	25 932 975
	Property Rentals	590	589
	Waste Management	11 470 886	13 428 532
	Waste Water Management	13 479 941	14 670 153
	Units not billed	6 718 541	5 246 567
	Klein Karoo Water Scheme	3 362 475	5 526 402
	Legal Fees Recovery	727 184	1 225 968
	Sundry municipal charges	5 816 667	6 075 452
	Prepaid expenditure	17 529	25 124
	Other	25 953	25 953
		2018 R	2017 R
	Receivables from Non-Exchange Transactions		
	Taxes - Rates	20 036 542	17 736 747
	Fines	6 115 583	15 393 280
	Suspense Debtors	1 195 159	1 778 809
		2018 R	2017 R
	Cash and Cash Equivalents		
	Bank Balances	-	-
	Call Deposits	63 354 881	23 517 914
	Primary Bank Account	7 404 795	4 260 215
	Cash on hand	37 860	37 815
	Total Financial Assets	185 132 939	154 408 837
		2018 R	2017 R
	SUMMARY OF FINANCIAL ASSETS		
	Financial Instruments at amortised cost:		
	Receivables from Exchange Transactions	19 972 192	19 526 342
	Receivables from Exchange Transactions	25 396 161	25 932 975
	Receivables from Exchange Transactions	590	589
	Receivables from Exchange Transactions	11 470 886	13 428 532
	Receivables from Exchange Transactions	13 479 941	14 670 153
	Receivables from Exchange Transactions	6 718 541	5 246 567
	Receivables from Exchange Transactions	3 362 475	5 526 402
	Receivables from Exchange Transactions	727 184	1 225 968
	Receivables from Exchange Transactions	5 816 667	6 075 452
	Receivables from Exchange Transactions	17 529	25 124
	Receivables from Exchange Transactions	25 953	25 953
	Receivables from Non-exchange Transactions	20 036 542	17 736 747
	Receivables from Non-exchange Transactions	6 115 583	15 393 280
	Receivables from Non-exchange Transactions	1 195 159	1 778 809
	Cash and Cash Equivalents	63 354 881	23 517 914
	Cash and Cash Equivalents	7 404 795	4 260 215
	Cash and Cash Equivalents	37 860	37 815
	Total Financial Assets	185 132 939	154 408 837
		2018 R	2017 R
50.02	<u>Financial Liabilities</u>		
	<u>Classification</u>		
	Long-term Liabilities		
	Annuity Loans	50 787 593	59 717 075
	Government Loans	9 751 699	13 621 090
	Agreements with suppliers	-	18 834 732
		2018 R	2017 R
	Trade and Other Payables		
	Trade Payables	43 396 116	34 067 896
	Payments received in advance	4 265 019	3 649 351
	Control, Clearing and Interface Accounts	684 564	-
	Retentions	1 571 315	1 762 211
		110 456 306	112 817 623

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	50 787 593	59 717 075
Long-term Liabilities	Government Loans	9 751 699	13 621 090
Trade and Other Payables	Trade Payables	43 396 116	34 067 896
Trade and Other Payables	Advance Payments	4 265 019	3 649 351
Trade and Other Payables	Control, Clearing and Interface Accounts	684 564	-
Trade and Other Payables	Retentions	1 571 315	1 762 211
		110 456 306	112 817 623

51 **STATUTORY RECEIVABLES**

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

Taxes			
VAT Receivable		3 324 779	5 486 830
Receivables from Non-Exchange Transactions			
Rates		20 036 542	17 736 747
Fines		6 115 583	15 393 280
Total Statutory Receivables (before provision)		29 476 905	38 616 857
Less:	Provision for Debt Impairment	(17 276 870)	(23 305 100)
Total Statutory Receivables (after provision)		12 200 035	15 311 757
		2018 R	2017 R

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	23 305 100	22 080 758
Contribution to provision	5 783 148	11 402 052
Bad Debts Written Off	(11 811 378)	(10 177 710)
Balance at end of year	17 276 870	23 305 100

Balances past due not impaired

Non-exchange	3 801 426	4 943 486
	3 801 426	4 943 486

52 **IN-KIND DONATIONS AND ASSISTANCE**

The following officials provided services in-kind to the municipality in support of the Section 139 Intervention with the purpose of aiding with the financial, operational and institutional recovery of the municipality:

The municipality received the following in-kind donations and assistance:

Ms. Simms, funded by Department of Human Settlement through a subsidy that who's revenue is recognized in terms of GRAP 23

Total In-kind Donations and Assistance

53 **SUBSEQUENT EVENTS**

53.01 **Approval of asset write offs**

During the audit verification, conducted from March 2018 to July 2018, assets were found that were obsolete. The listing was sent to Council to approve the write offs of these assets. Assets were written off in the financial statements on 30 June 2018. Council approved the write offs in August 2018.

OUTDSHOORN MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

		2018 R	2017 R
54	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
55	CONTINGENT LIABILITY		
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	<i>Description of event</i>		
55.01	Cobus Louw Professional Engineers CC v Oudtshoorn Municipality		
	On/about the 17th of January 2014 the Municipality requested assistance from Cobus Louw Professional Engineers CC for the sourcing of external funding for possible infrastructure projects totalling R20,000,000. As per this request the sourcing of MIG funding was excluded. In terms of ECSA, a 30% of the total amount of project fees was due to the supplier which amounted to R560,960, but only paid R66 543. Although no summons was issued, we are of opinion that a contingent liability exist for the amount of R494,364.	494 364	494 364
55.02	P Esterhuizen v Oudtshoorn Municipality		
	Mr Pieter Esterhuizen made a claim of R52 290. for personal injuries sustained allegedly due to the road works done by the municipality. The insurance rejected the claim, and subsequently a summons was served against the municipality. The insurance company of the municipality is defending the matter.	52 290	52 290
55.03	D Hendricks vs. Oudtshoorn Municipality		
	Mr Hendricks made a claim of R50 000. for personal injuries sustained allegedly due to an uneven pavement that he fell and sustained injuries. The insurance rejected the claim, and subsequently a summons was served against the municipality. The insurance company of the municipality is defending the matter.	50 000	
55.04	D Hendricks vs. Oudtshoorn Municipality		
	Mr. Bence made a claim of R 218 000 in respect of monies paid in respect of arrears rates and services to obtain a clearance certificate, he is placing reliance on a constitutional court judgement made after the date of payment, the municipality is defending the matter and according to our attorney the applicant has very little chance of success.	218 000	
		814 654	546 654
		2018 R	2017 R
56	CONTINGENT ASSET		
56.01	Oudtshoorn Municipality v Imvusa Trading (Pty) Ltd		
	The municipality disclosed under payables from exchange transactions the amount of R 3,975,896 in respect of the creditor, Imvusa Trading for services relating to road repairs allegedly rendered and invoiced, the municipality instituted a counter claim for a similar amount as the payable claimed, for undue enrichment stemming from the irregular extension of the contract to Imvusa Trading (Pty) Ltd.	3 975 896	3 975 896

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

57	RELATED PARTIES	2018 R	2017 R
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Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

57.01 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

57.02 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

58	Other related party transactions	2018 R	2017 R
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The following purchases were made during the year where councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship		
Imvusa Trading 1581 CC	A Le Kay	Manager: Cleansing Services	Wife of Manager: Cleansing Services	40 360	65 805
Imvusa Trading 1581cc t/a MAM	A Le Kay	Manager: Cleansing Services	Wife of Manager: Cleansing Services	1 470	
Imvusa Trading	A Le Kay	Manager: Cleansing Services	Wife of Manager: Cleansing Services		166 647
Kaybess Development Projects	V Booysen	Manager: Special Projects	Brother of Manager: Special Projects	26 000	
BDE Consulting Engineers		Senior Manager: Electrical Services	Family member is in service of the state		252 331
Volmoed Quarries	A Le Kay	Manager: Cleansing Services	Wife of Manager: Cleansing Services	165 437	141 371
Buffelsdrift Clay Mine		Councillor	The suppliers family member is a Councillor at the Municipality	-	794 007
Spring Forest Trading 184 cc			Mother in law is in service of Oudtshoorn Municipality	-	9 313
Vukant Builders		Councillor	Father of a regional councillor	-	9 990
Hi- Tech Auto Engineering		Councillor	Shareholder is child of a councillor	-	66 499
				233 267	1 505 963

59 FINANCIAL SUSTAINABILITY

59.01 Going concern

There has been a markable improvement in both the financial position and financial performance since the 2015/2016 financial year and through the subsequent financial years since the administration was lifted after the Local Government elections of 2016. Various cost savings initiatives, revenue enhancement, and debt collection efforts have aided in the improvement of the financial performance as well as the liquidity position of the municipality. The strengthening of financial and other internal controls have also aided in the financial recovery process of the municipality. Senior personnel are enforcing financial strategies and strict financial controls aimed at further improving accountability and reducing unnecessary expenditure also ensuring that more care is taken by the sub-ordinate managers and staff members in general, in the utilization of municipal resources.

Management is therefore of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

Financial Indicators

- The current assets to current liabilities ratio is 1.05:1 which is below the norm of between 1.5 to 2:1 as stated in the National Treasury MFMA circular no. 71.
- A slight improvement on the 0.75:1 reported in the prior year.
- A consecutive surplus was realized from the comparative year.

Other Indicators

Possible outflow of recourses due the contingent liability disclosed in note 58.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2018

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Under Construction	Contributing PPE	Disposals/ Impairment	Written Off / Derecognised	Closing Balance	Opening Balance	Depreciation	Transfers	Disposals/ Impairment	Written Off / Derecognised	Closing Balance	
Land and Buildings														
Land	74 555 181	-					74 555 181	13 126					13 126	74 542 055
Buildings	59 414 012		134 716				59 548 729	35 579 418	2 395 618				37 975 036	21 573 693
	133 969 194	-	134 716	-	-	-	134 103 910	35 592 544	2 395 618	-	-	-	37 988 162	96 115 748
Infrastructure														
Electricity	121 676 067	5 608 097	17 139 625	-	-		144 423 790	42 285 947	4 279 730	-	-		46 565 677	97 858 113
Water Supply	351 525 660	71 736	11 635 575	-	-		363 232 971	87 039 019	8 785 266	-	-		95 824 285	267 408 686
Sanitation	69 108 235	479 962	-	-	-		69 588 197	19 490 415	2 496 226	-	-		21 986 641	47 601 556
Roads & Stormwater	215 262 609	13 845 585	1 643 811	-	-		230 752 005	68 484 930	6 982 451	-	-		75 467 381	155 284 624
Solid Waste	4 976 787	-	731 433	-	-		5 708 221	-	-	-	-		-	5 708 221
	762 549 359	20 005 380	31 150 445	-	-		813 705 184	217 300 312	22 543 673	-	-		239 843 985	573 861 199
Community Assets														
Libraries	7 434 873	-	-	-	-		7 434 873	2 564 452	255 673	-	-		2 820 124	4 614 749
Civic Buildings	3 406 951	-	-	-	-		3 406 951	1 131 603	117 015	-	-		1 248 618	2 158 333
Recreational Facilities	81 232 999	-	-	-	-		81 232 999	26 525 703	2 803 695	-	-		29 329 398	51 903 602
Cemeteries	1 982 428	-	-	-	-		1 982 428	683 783	68 172	-	-		751 955	1 230 473
	94 057 251	-	-	-	-		94 057 251	30 905 541	3 244 554	-	-		34 150 095	59 907 156
Lease Assets														
Vehicles and Office Equipment	21 434 787	1 191 725	-	-	-	(1 993 071)	20 633 441	8 382 088	5 025 489	-	(114 708)	(1 586 810)	11 706 060	8 927 381
	21 434 787	1 191 725	-	-	-	(1 993 071)	20 633 441	8 382 088	5 025 489	-	(114 708)	(1 586 810)	11 706 060	8 927 381
Other Assets														
Office Equipment	6 225 796	323 562	-	5 262	-	(927 668)	5 626 952	4 504 986	990 501	-	-	(654 710)	4 840 777	786 175
Furniture & Fittings	5 293 755	436 024	-	3 488	-	(628 019)	5 105 248	3 393 014	476 405	-	-	(443 587)	3 425 832	1 679 417
Motor vehicles	5 519 972	1 303 277	-	-	-	(1 507 394)	5 315 856	3 782 766	583 179	-	-	(832 468)	3 533 478	1 782 378
Emergency Equipment	289 731	-	-	-	-	(10 898)	278 834	220 399	33 070	-	-	(9 222)	244 248	34 586
Computer Equipment	4 403 760	1 629 763	-	-	-	(499 777)	5 533 745	2 538 945	581 607	-	-	(332 597)	2 787 955	2 745 790
Workshop Equipment and Tools	6 873 452	796 257	-	185 991	-	(1 488 051)	6 367 650	4 112 877	858 888	-	-	(925 003)	4 046 761	2 320 889
Trucks	12 634 208	-	-	-	-		12 634 208	8 666 437	877 886	-	-	-	9 544 323	3 089 885
	41 240 675	4 488 882	-	194 742	-	(5 061 807)	40 862 493	27 219 424	4 401 536	-	-	(3 197 587)	28 423 373	12 439 120
Total	1 053 251 265	25 685 987	31 285 162	194 742	-	(7 054 878)	1 103 362 278	319 399 908	37 610 871	-	(114 708)	(4 784 397)	352 111 675	751 250 603

	Cost/Revaluation							Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals/ Impairment	Written Off / Derecognise	Closing Balance	Opening Balance	Depreciation	Transfers	Disposals/ Impairment	Written Off / Derecognise	Closing Balance	
Land and Buildings														
Land	74 555 181	-	-	-	-	-	74 555 181	13 126	-	-	-	-	13 126	74 542 055
Balance Previously Reported	82 901 885	-	-	-	-	-	82 901 885	13 126	-	-	8 179 474	-	8 192 600	74 709 285
Correction of error note 40.01	(8 346 704)						(8 346 704)				(8 179 474)		(8 179 474)	(167 230)
Buildings	59 414 012	-	-	-	-	-	59 414 012	33 183 799	2 395 618	-	-	-	35 579 418	23 834 594
Balance Previously Reported	43 761 081	3 299 710	-	-	-	(213 833)	46 846 959	3 927 376	440 319	-	663 470	(209 990)	4 821 175	42 025 784
Transfer additions out		(3 299 710)					(3 299 710)						-	(3 299 710)
Transfer additions in							-						-	-
Correction of error note 40.01	15 652 931						15 652 931	29 256 424	1 955 299		(663 470)		30 548 253	(14 895 322)
Correction of error note 40.01						213 833	213 833					209 990	209 990	3 843
	133 969 194	-	-	-	-	-	133 969 194	33 196 926	2 395 618	-	-	-	35 592 544	98 376 650
Infrastructure														
Electricity	118 081 895	3 594 172	-	-	-	-	121 676 067	38 068 277	4 217 669	-	-	-	42 285 947	79 390 120
Balance Previously Reported	76 504 696	783 861	8 099 830	-	-	-	85 388 387	23 475 098	1 512 178	-	-	-	24 987 275	60 401 111
Transfer additions out		(783 861)	(8 099 830)				(8 883 691)						-	(8 883 691)
Transfer additions in		3 594 172					3 594 172						-	3 594 172
Correction of error note 40.01	41 577 199						41 577 199	14 593 180	2 705 492				17 298 672	24 278 528
Water	348 688 257	993 228	1 844 174	-	-	-	351 525 660	78 253 723	8 785 296	-	-	-	87 039 019	264 486 641
Balance Previously Reported	326 309 892	-	1 829 421	-	-	-	328 139 313	113 154 828	4 901 579	-	-	-	118 056 407	210 082 905
Transfer additions out			(1 829 421)				(1 829 421)						-	(1 829 421)
Transfer additions in		993 228	1 844 174				2 837 403						-	2 837 403
Correction of error note 40.01	22 378 366						22 378 366	(34 901 105)	3 883 717				(31 017 388)	53 395 754
Sanitation	62 395 484	6 712 751	-	-	-	-	69 108 235	17 502 683	1 987 732	-	-	-	19 490 415	49 617 820
Balance Previously Reported	49 716 341	2 251 166	949 155	-	-	(397 071)	52 519 591	13 612 233	977 200	-	-	(164 710)	14 424 724	38 094 867
Transfer additions out		(2 251 166)	(949 155)				(3 200 321)						-	(3 200 321)
Transfer additions in		6 712 751					6 712 751						-	6 712 751
Correction of error note 40.01						397 071	397 071					164 710	164 710	232 362
Correction of error note 40.01	12 679 143						12 679 143	3 890 450	1 010 531				4 900 981	7 778 161
Roads and Storm water	198 284 719	16 977 890	-	-	-	-	215 262 609	61 523 040	6 961 890	-	-	-	68 484 930	146 777 679
Balance Previously Reported	187 963 735	14 721 378	1 284 980	-	-	-	203 970 093	62 018 831	5 184 024	-	-	-	67 202 855	136 767 238
Transfer additions out		(14 721 378)	(1 284 980)										-	-
Transfer additions in		16 977 890					16 977 890						-	16 977 890
Correction of error note 40.01	10 320 984						10 320 984	(495 791)	1 777 866				1 282 075	9 038 909
Solid Waste	1 736 229	-	3 240 558	-	-	-	4 976 787	-	-	-	-	-	-	4 976 787
Balance Previously Reported			3 240 558				-						-	-
Transfer additions in														
Correction of error note 40.01	1 736 229						1 736 229						-	1 736 229
	729 186 585	28 278 041	5 084 733	-	-	-	762 549 359	195 347 724	21 952 587	-	-	-	217 300 312	545 249 047

Community Assets														
Parks and Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance Previously Reported	34 064 189	-	-	-	-	-	34 064 189	3 942 467	345 013	-	156 043	-	4 443 523	29 620 666
Transfer between class	(34 064 189)						-	(3 942 467)	(345 013)		(156 043)		(156 043)	-
Correction of error note 40.01														156 043
Libraries	7 434 873	-	-	-	-	-	7 434 873	2 308 779	255 673	-	-	-	2 564 452	4 870 421
Balance Previously Reported	4 063 756	-	-	-	-	-	4 063 756	320 205	40 636	-	-	-	360 841	3 702 915
Correction of error note 40.01	3 371 117						3 371 117	1 988 574	215 037				2 203 610	1 167 506
Recreational Facilities	80 669 365	563 635	-	-	-	-	81 232 999	23 881 124	2 644 578	-	-	-	26 525 703	54 707 297
Balance Previously Reported	48 015 996	37 399	795 708	-	-	-	48 849 103	1 876 875	450 972	-	-	-	2 327 847	46 521 256
Transfer additions out		(37 399)	(795 708)				(833 107)						-	(833 107)
Transfer additions in	34 064 189	563 635					34 627 824	3 942 467	345 013				4 287 480	30 340 344
Correction of error note 40.01	(1 410 820)						(1 410 820)	18 061 782	1 848 594				19 910 376	(21 321 196)
Civic Buildings	3 280 751	126 200	-	-	-	-	3 406 951	1 018 784	112 819	-	-	-	1 131 603	2 275 347
Balance Previously Reported	8 401 200	-	-	-	-	-	8 401 200	671 567	84 018	-	511 283	-	1 266 868	7 134 331
Transfer additions in		126 200					126 200						-	126 200
Correction of error note 40.01	(5 120 449)						(5 120 449)	347 217	28 801		(511 283)		(135 265)	(4 985 184)
Cemeteries	1 982 428	-	-	-	-	-	1 982 428	615 611	68 172	-	-	-	683 783	1 298 645
Balance Previously Reported	-	-	-	-	-	-	-						-	-
Correction of error note 40.01	1 982 428						1 982 428	615 611	68 172				683 783	1 298 645
	93 367 417	689 835	-	-	-	-	94 057 251	27 824 298	3 081 243	-	-	-	30 905 541	63 151 710
Lease Assets														
Vehicles and Office Equipment	9 792 061	14 630 401	-	-	-	(2 987 676)	21 434 787	9 677 091	1 577 965		114 708	(2 987 676)	8 382 088	13 052 699
	9 792 061	14 630 401	-	-	-	(2 987 676)	21 434 787	9 677 091	1 577 965	-	114 708	(2 987 676)	8 382 088	13 052 699
Other Assets														
Office Equipment	6 268 937	89 923	-	-	-	(133 064)	6 225 796	4 099 109	511 331	-	-	(105 454)	4 504 986	1 720 810
Balance Previously Reported	6 240 446	89 923	-	-	-	(133 064)	6 197 305	4 080 994	511 331	-	-	(105 454)	4 486 871	1 710 434
Correction of error note 40.01	28 491						28 491	18 115					18 115	10 376
Furniture & Fittings	5 333 011	35 391	-	-	-	(74 647)	5 293 755	3 029 802	418 131	-	-	(54 919)	3 393 014	1 900 741
Balance Previously Reported	5 330 654	35 391	-	-	-	(74 647)	5 291 398	3 028 291	418 131	-	-	(54 919)	3 391 503	1 899 895
Correction of error note 40.01	2 357						2 357	1 511					1 511	846
Motor vehicles	6 214 850	-	-	-	-	(694 878)	5 519 972	3 850 375	402 167	-	-	(469 776)	3 782 766	1 737 206
Balance Previously Reported	6 211 574	-	-	-	-	(694 878)	5 516 696	3 848 000	402 167			(469 776)	3 780 391	1 736 305
Correction of error note 40.01	3 277						3 277	2 376					2 376	901
Emergency Equipment	329 014	-	-	-	-	(39 283)	289 731	225 972	25 051	-	-	(30 624)	220 399	69 333
Balance Previously Reported	328 630	-	-	-	-	(39 283)	289 347	225 719	25 051			(30 624)	220 146	69 201
Correction of error note 40.01	385						385	253					253	131
Computer Equipment	3 861 928	609 818	-	-	-	(67 986)	4 403 760	2 193 296	398 967	-	-	(53 318)	2 538 945	1 864 815
Balance Previously Reported	3 855 885	609 818	-	-	-	(67 986)	4 397 717	2 189 258	398 967			(53 318)	2 534 907	1 862 810
Correction of error note 40.01	6 043						6 043	4 038					4 038	2 006
Workshop Equipment and Tools	6 997 955	34 288	-	-	-	(158 791)	6 873 452	3 671 830	569 849	-	-	(128 802)	4 112 877	2 760 576
Balance Previously Reported	6 978 123	34 288	-	-	-	(158 791)	6 853 620	3 659 425	569 849			(128 802)	4 100 472	2 753 147
Correction of error note 40.01	19 833						19 833	12 404					12 404	7 428
Trucks	14 239 326	-	-	-	-	(1 605 118)	12 634 208	9 373 114	629 692	-	-	(1 336 369)	8 666 437	3 967 771
	43 245 022	769 420	-	-	-	(2 773 767)	41 240 675	26 443 497	2 955 188	-	-	(2 179 262)	27 219 424	14 021 251
Total	1 009 560 278	44 367 697	5 084 733	-	-	(5 761 443)	1 053 251 265	292 489 537	31 962 601	-	114 708	(5 166 938)	319 399 908	733 851 357

APPENDIX A
OUDTSHOORN LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Rate	Redeemable	Balance at 30 June 2017	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2018	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
ANNUITY LOANS									
Standard Bank	12.65%	2021/06	11 838 406	-	-	(2 439 640)	9 398 766	-	-
Standard Bank	11.70%	2021/06	-	-	-	-	-	-	-
Standard Bank	11.09%	2022/12/31	5 047 793	-	-	(709 970)	4 337 823	-	-
Standard Bank	11.70%	2023/06/20	19 849 478	-	-	(2 443 214)	17 406 264	-	-
FNB	11.97%	2016/06	4 813 030	-	-	(1 181 842)	3 631 187	-	-
Development Bank of SA									
Urban Infrastructure Project 10608/1	14.00%	2017/06	5 414 712	-	-	(559 025)	4 855 688	-	-
Multiple Infrastructure 101096/1	10.41%	2024/06	115 459	-	-	(42 786)	72 673	-	-
Multiple Infrastructure 101096/2	10.16%	2019/12	2 013 158	-	-	(236 842)	1 776 316	-	-
Multiple Infrastructure 101647/1	7.59%	2025/12	428 572	-	-	(142 857)	285 715	-	-
Multiple Infrastructure 101647/2	6.84%	2020/06	-	-	-	-	-	-	-
Multiple Infrastructure 101647/3	6.88%	2015/06	4 921 053	-	-	(578 947)	4 342 106	-	-
Infrastructure 102003/1	6.56%	2025/12	2 729 339	-	-	(303 260)	2 426 079	-	-
Electricity And Water 102292/1	6.59%	2026/06	-	-	-	-	-	-	-
Electricity And Water 102292/2	6.59%	2016/06	377 887	-	-	(74 280)	303 607	-	-
Deep Aquifer Hydrogeological 13774	15.67%	2021/06	2 168 188	-	-	(216 819)	1 951 369	-	-
Infrastructure 102617/1	6.27%	2027/06	-	-	-	-	-	-	-
Infrastructure 102617/2	6.45%	2017/06	-	-	-	-	-	-	-
Total Annuity Loans			59 717 075	-	-	(8 929 482)	50 787 592	-	-
LEASE LIABILITY									
Toyota Hilux 2.5 D-4D SRX R/B	11.99%	2018/02	31 931	-	-	(31 931)	(0)	-	-
Colortrac Smart LF SC 36C - Serial number: H2401791	12.01%	2017/06	-	-	-	-	-	-	-
KONICA MINOLTA C364E SERIAL A5C1041011315	12.01%	2018/02	19 930	-	-	(19 930)	0	-	-
KONICA MINOLTA C364E SERIAL A5C1041012889	12.01%	2018/03	22 310	-	-	(22 310)	(0)	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 28191	12.01%	2020/01	150 958	-	-	(55 696)	95 262	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 30015	12.01%	2020/01	150 958	-	-	(55 696)	95 262	-	-
Isuzu KB 250 F/Side D/Cab Hi-Rider CG 29891	12.01%	2019/12	163 357	-	-	(65 165)	98 192	-	-
Chevrolet Utility 1.4 + A/c CG 16101	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Chevrolet Utility 1.4 + A/c CG 10020	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Chevrolet Utility 1.4 + A/c CG 17054	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Chevrolet Utility 1.4 + A/c CG 15435	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 11569	12.01%	2020/02	150 362	-	-	(55 476)	94 885	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 15076	12.01%	2020/02	150 362	-	-	(55 476)	94 885	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 15299	12.01%	2020/02	150 362	-	-	(55 476)	94 885	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 28551	12.01%	2019/12	134 715	-	-	(53 739)	80 976	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 29837	12.01%	2019/12	134 715	-	-	(53 739)	80 976	-	-
Isuzu Trucks & Series NPR 400 Crew CAB AMT CG 29940	12.01%	2020/01	385 938	-	-	(147 974)	237 965	-	-
Chevrolet Utility 1.4 + A/c CG 15666	12.01%	2019/11	104 001	-	-	(104 001)	(0)	-	-
Chevrolet Utility 1.4 + A/c CG 14177	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Chevrolet Utility 1.4 + A/c CG 15042	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Chevrolet Utility 1.4 + A/c CG 14240	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Isuzu Trucks & Series NPR 400 Crew CAB AMT CG 29933	12.01%	2020/01	385 938	-	-	(147 974)	237 965	-	-
Isuzu Trucks & Series NPR 400 Crew CAB AMT CG 29938	12.01%	2020/01	385 938	-	-	(147 974)	237 965	-	-
Chevrolet Utility 1.4 + A/c CG 31709	12.01%	2019/12	108 870	-	-	(43 430)	65 441	-	-
Chevrolet Utility 1.4 + A/c CG 15643	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 29836	12.01%	2019/12	134 715	-	-	(53 739)	80 976	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 17509	12.01%	2019/12	134 715	-	-	(53 739)	80 976	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 29835	12.01%	2019/12	134 715	-	-	(53 739)	80 976	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 11230	12.01%	2020/02	143 139	-	-	(52 812)	90 327	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 13791	12.01%	2020/02	150 362	-	-	(55 476)	94 885	-	-
Chevrolet Spark 1.2L CG 12963	12.01%	2019/12	103 367	-	-	(41 234)	62 133	-	-
Chevrolet Spark 1.2L CG 26073	12.01%	2019/12	103 367	-	-	(41 234)	62 133	-	-
Chevrolet Spark 1.2L CG 26828	12.01%	2019/12	103 367	-	-	(41 234)	62 133	-	-
Chevrolet Utility 1.4 + A/c CG 17629	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 28268	12.01%	2019/12	134 715	-	-	(53 739)	80 976	-	-
Chevrolet Utility 1.4 + A/c CG9909	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 30014	12.01%	2020/01	150 958	-	-	(55 696)	95 262	-	-
Chevrolet Utility 1.4 + A/c CG 10367	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Chevrolet Utility 1.4 + A/c CG 16602	12.01%	2019/11	104 001	-	-	(41 487)	62 514	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 18605	12.01%	2019/11	134 715	-	-	(53 739)	80 976	-	-
Isuzu KB 250 F/Side Reg Cab CG 11214	12.01%	2019/12	162 202	-	-	(64 704)	97 498	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 4456	12.01%	2020/05	150 488	-	-	(49 790)	100 698	-	-
UD Trucks UD 85d Tipper CG 10546	12.01%	2020/05	687 318	-	-	(219 711)	467 607	-	-
Isuzu KB 250 LE 4x4 Reg Cab CG 30357	12.01%	2020/04	196 310	-	-	(67 287)	129 023	-	-
Isuzu KB 250 LE 4x4 D/Cab CG 30187	12.01%	2020/04	352 533	-	-	(120 834)	231 699	-	-
Isuzu KB 250 F/Side Reg Cab CG 30227	12.01%	2020/04	152 978	-	-	(52 434)	100 543	-	-
Chevrolet Spark 1.2 CG 28536	12.01%	2020/04	116 782	-	-	(40 028)	76 754	-	-
Isuzu KB 250 LE 4x4 D/Cab CG 4859	12.01%	2020/05	213 019	-	-	(70 479)	142 540	-	-
Isuzu KB 250 F/Side Reg Cab CG 30227	12.01%	2020/05	154 037	-	-	(50 965)	103 073	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 30283	12.01%	2020/04	146 535	-	-	(50 226)	96 309	-	-
Chevrolet Spark 1.2 CG 30261	12.01%	2020/04	116 782	-	-	(40 028)	76 754	-	-
Chevrolet Spark 1.2 CG 30263	12.01%	2020/04	116 782	-	-	(40 028)	76 754	-	-
Chevrolet Utility 1.4 + A/c CG 17761	12.01%	2020/04	106 877	-	-	(36 633)	70 244	-	-
Chevrolet Utility 1.4 + A/c CG 19934	12.01%	2020/04	106 877	-	-	(36 633)	70 244	-	-
Chevrolet Utility 1.4 + A/c CG 17096	12.01%	2020/04	106 877	-	-	(36 633)	70 244	-	-
Chevrolet Utility 1.4 + A/c CG 28297	12.01%	2020/04	106 877	-	-	(36 633)	70 244	-	-
Chevrolet Utility 1.4 + A/c CG 4845	12.01%	2020/04	109 760	-	-	(36 315)	73 445	-	-
Isuzu KB 250 LE 4x4 D/Cab CG 28060	12.01%	2020/01	331 728	-	-	(124 208)	207 520	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 4456	12.01%	2020/05	167 757	-	-	(55 504)	112 253	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 14422	12.01%	2020/05	322 734	-	-	(106 780)	215 955	-	-
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 16899	12.01%	2020/05	344 581	-	-	(114 008)	230 573	-	-
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 19856	12.01%	2020/05	344 581	-	-	(114 008)	230 573	-	-
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 13487	12.01%	2020/05	356 260	-	-	(117 872)	238 388	-	-
Isuzu Trucks N Series NPR 400 F/C CC CG 14545	12.01%	2020/05	322 734	-	-	(106 780)	215 955	-	-
Isuzu Trucks N Series NPR 400 CREW Cab Amt CG 16028	12.01%	2020/05	401 631	-	-	(132 883)	268 748	-	-
Isuzu KB 250 F/Side Reg Cab (Leed) CG 20551	12.01%	2019/12	134 715	-	-	(53 739)	80 976	-	-
UD Trucks UD 85d Tipper CG 16844	12.01%	2020/06	1 419 496	-	-	(453 763)	965 733	-	-
Isuzu Trucks N Series NPR 400 F/C CC CG 17050	12.01%	2020/06	711 713	-	-	(227 509)	484 204	-	-
Isuzu Trucks N Series NPR 400 F/C CC CG 29941	12.01%	2020/01	353 336	-	-	(135 231)	218 105	-	-
Isuzu KB 250C F/Side Reg Cab CG 17564	10.00%	2020/02	-	-	150 580	(13 722)	136 858	-	-
Isuzu KB 250C F/Side Reg Cab CG 16558	10.00%	2020/02	-	-	150 580	(13 722)	136 858	-	-
Isuzu KB 250C HO HI-RIDER Reg Cab 4x4 CG 7204	10.00%	2019/12	-	-	169 441	(9 600)	159 841	-	-
Isuzu KB 250C F/Side Reg Cab CG 7947	10.00%	2019/12	-	-	128 013	(7 253)	120 760	-	-
Isuzu KB 250C F/Side Reg Cab CG 6860	10.00%	2019/12	-	-	131 966	(7 476)	124 490	-	-
Isuzu KB 250 HO HI-RIDER Reg Cab 4x4 CG 7012	10.00%	2019/12	-	-	167 416	(9 485)	157 931	-	-
Toyota Hilux 2.4 GD-6 RB SRX CG 24657	10.00%	2021/02	-	-	201 740	(21 062)	180 678	-	-
Nissan NP200 1.6 8v BASE + AC UA6 CG 8758	10.00%	2019/11	-	-	91 989	(16 934)	75 055	-	-
			-	-	-	-	-	-	-
Total Lease Liabilities			13 621 089	-	1 191 725	(5 061 116)	9 751 698	-	-
TOTAL EXTERNAL LOANS			73 338 164	-	1 191 725	(13 990 598)	60 539 291	-	-

APPENDIX B
OUDTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
			Governance and Administration			
137 445 169	46 678 444	90 766 725	Executive And Council	105 539 603	74 979 709	30 559 894
70 958 273	75 674 401	(4 716 128)	Finance And Administration	87 380 211	63 746 782	23 633 429
-	1 787 222	(1 787 222)	Internal Audit	-	1 672 503	(1 672 503)
		-				
		-	Community and Public Safety			
(191 619)	19 728 738	(19 920 357)	Community And Social Services	5 438 000	15 584 918	(10 146 918)
1 732 066	23 928 293	(22 196 226)	Sport And Recreation	2 495 784	33 872 799	(31 377 015)
17 927 247	20 857 066	(2 929 819)	Public Safety	194 742	8 390 049	(8 195 307)
-	7 473 949	(7 473 949)	Housing	51 195 985	41 529 291	9 666 694
-	-	-	Health	-	-	-
		-				
		-	Economic and Environmental Services			
-	11 134 990	(11 134 990)	Planning and Development	-	16 270 831	(16 270 831)
-	21 843 197	(21 843 197)	Road Transport	28 721 062	52 216 019	(23 494 958)
-	-	-	Environmental Protection	-	-	-
		-				
		-	Trading Services			
210 781 232	175 449 171	35 332 062	Energy Sources	221 683 473	173 384 941	48 298 532
62 537 125	22 788 366	39 748 759	Water Management	76 323 359	42 180 679	34 142 680
30 653 898	13 222 509	17 431 388	Waste Water Management	31 825 271	20 665 952	11 159 319
16 171 556	25 418 282	(9 246 726)	Waste Management	17 389 566	31 464 165	(14 074 599)
		-		-	-	-
-	3 960 275	(3 960 275)	Other	-	-	-
548 014 947	469 944 903	78 070 045	Sub Total	628 187 056	575 958 638	52 228 417
-	-	-	Less Inter-Departmental Charges	-	-	-
548 014 947	469 944 903	78 070 045	Total	628 187 056	575 958 638	52 228 417

APPENDIX C
ODUTSHOORN LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018
MUNICIPAL VOTES CLASSIFICATIONS

2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R
(113 872 446)	43 248 065	(70 624 381)	Executive & Council	(87 671 846)	51 475 917	(36 195 930)
-	158 786	158 786	Council General	-	65 799	65 799
2 653 684	5 632 178	8 285 863	Office Of The Executive Deputy Mayor	-	8 547 300	8 547 300
-	150 246	150 246	Office Of The Executive Mayor	-	443 449	443 449
-	-	-	Office Of The Speaker	-	-	-
(111 218 762)	49 189 276	(62 029 486)		(87 671 846)	60 532 465	(27 139 382)
			Municipal Manager			
(1 616)	1 635 268	1 633 652	Office of the Municipal Manager	-	2 832 501	2 832 501
-	1 787 222	1 787 222	Internal Audit	-	1 672 503	1 672 503
(16 145 086)	9 919 442	(6 225 644)	Cango Caves	(17 868 678)	11 614 743	(6 253 935)
-	-	-	Risk Management	-	7 600	7 600
(16 146 702)	13 341 931	(2 804 771)		(17 868 678)	16 127 347	(1 741 331)
			Corporate Services			
-	19 899 346	19 899 346	Office of HOD - Corporate Services	-	2 640 868	2 640 868
-	-	-	Council Support	(13 720)	300 294	286 573
27 048	9 124 053	9 151 101	Administration & Archives	-	9 385 809	9 385 809
-	7 771 602	7 771 602	Human Resources	(1 065 288)	9 496 464	8 431 176
-	6 194 150	6 194 150	Contract & Legal Services	-	2 169 450	2 169 450
27 048	42 989 151	43 016 199		(1 079 008)	23 992 885	22 913 876
			Financial Services			
-	3 218 694	3 218 694	Office of the CFO	-	3 177 107	3 177 107
(70 985 321)	12 962 744	(58 022 576)	Income	(84 751 203)	13 568 526	(71 182 677)
-	3 538 952	3 538 952	Expenditure	-	4 165 017	4 165 017
-	2 628 260	2 628 260	Information Technology	-	5 169 867	5 169 867
-	8 088 469	8 088 469	Financial Accounting	(1 550 000)	7 384 215	5 834 215
-	2 295 666	2 295 666	Supply Chain Management	-	2 886 741	2 886 741
(70 985 321)	32 732 785	(38 252 536)		(86 301 203)	36 351 473	(49 949 730)
			Community And Public Safety			
-	8 154 852	8 154 852	Office of HOD - Community Services	(10 003)	15 478 904	15 468 900
(17 927 247)	20 857 066	2 929 819	Protection Services	(6 510 895)	28 342 619	21 831 724
(1 732 066)	26 000 810	24 268 743	Parks & Recreation	(2 495 784)	21 292 751	18 796 967
-	4 963 523	4 963 523	Library Services	(5 338 000)	5 591 345	253 345
(21 760 073)	23 963 877	2 203 804	Cleansing Services	(17 389 566)	29 360 123	11 970 557
191 619	4 537 846	4 729 465	Council Buildings & Halls	(100 000)	7 094 717	6 994 717
-	3 840	3 840	Airport	-	-	-
(41 227 768)	88 481 814	47 254 047		(31 844 248)	107 160 458	75 316 211
			Technical Services			
-	23 561 712	23 561 712	Civil Engineering Services	(22 393 984)	34 738 626	12 344 643
(215 120 769)	174 801 418	(40 319 351)	Electro-technical Services	(221 683 473)	171 044 953	(50 638 521)
-	647 753	647 753	Office Of Hod - Technical Services	-	2 339 988	2 339 988
(71 121 532)	22 788 366	(48 333 166)	Rural Water	(76 323 359)	42 180 679	(34 142 680)
(36 278 769)	13 178 402	(23 100 367)	Sewerage	(31 825 271)	20 294 818	(11 530 453)
-	3 948 519	3 948 519	Workshop	-	3 394 825	3 394 825
(322 521 069)	238 926 170	(83 594 899)		(352 226 087)	273 993 889	(78 232 198)
			Human Settlement			
-	7 473 949	7 473 949	Human Settlement	(51 195 985)	41 529 291	(9 666 694)
-	7 473 949	7 473 949		(51 195 985)	41 529 291	(9 666 694)
			Strategic Services			
-	1 045	1 045	IDP	-	8 512	8 512
-	5 410 436	5 410 436	Corporate Wide Strategic Planning	-	11 212 997	11 212 997
-	5 675 974	5 675 974	Town Planning	-	5 049 322	5 049 322
-	11 087 455	11 087 455		-	16 270 831	16 270 831
(562 072 573)	484 222 532	(77 850 042)	Sub Total	(628 187 056)	575 958 638	(52 228 417)
-	-	-	Less Inter-Departmental Charges	-	-	-
(562 072 573)	484 222 532	(77 850 042)	Total	(628 187 056)	575 958 638	(52 228 417)

APPENDIX D
OUTDSHOORN LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2017	Correction of Error	Restated Balance 30 June 2017	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2018	Unspent 30 June 2018 (Creditor)	Unpaid 30 June 2018 (Debtor)
<u>National Government Grants</u>										
Equitable Share	-	-	-	62 683 000	-	(62 683 000)	-	-	-	-
Local Government Financial Management Grant	-	-	-	1 550 000	-	(1 550 000)	-	-	-	-
Municipal System Improvement Grant	-	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	(2 685 184)	-	(2 685 184)	22 062 000	-	(892 551)	(18 484 265)	-	-	-
Integrated National Electrification Grant	3 000 076	-	3 000 076	3 000 000	-	(1 545 563)	(4 454 513)	0	0	-
Regional Bulk Infrastructure Grant - Department of Water Affairs and Forestry	1 613 986	-	1 613 986	-	-	-	-	1 613 986	1 613 986	-
Seta	-	-	-	-	-	-	-	-	-	-
Extended Public Works Program	-	-	-	2 911 000	-	(2 911 000)	-	-	-	-
Electricity Demand Side Management Grants	-	-	-	-	-	-	-	-	-	-
Water services Infrastructure Grant	-	-	-	10 000 000	-	-	(9 820 587)	179 413	179 413	-
Total National Government Grants	1 928 878	-	1 928 878	102 206 000	-	(69 582 114)	(32 759 365)	1 793 399	1 793 399	-
<u>Provincial Government Grants</u>										
CDW operational support grant	4 545	-	4 545	56 000	-	(13 720)	-	46 825	46 825	-
Library Services	-	-	-	5 338 000	-	(5 279 631)	(58 369)	0	0	-
Integrating Housing Settlement Grant	298 364	348 889	647 253	54 012 988	-	(33 679 112)	(16 110 873)	4 870 256	4 870 256	-
Emergency Housing Programm	-	-	-	2 812 000	-	(1 406 000)	-	1 406 000	1 406 000	-
ABS Programme	-	-	-	-	-	-	-	-	-	-
Housing Consumer Education	29 953	-	29 953	-	(29 953)	-	-	-	-	-
Provincial Sport Grant	-	-	-	-	-	-	-	-	-	-
Public Transport Facilities	-	-	-	-	-	-	-	-	-	-
Military Sport Academy	-	-	-	-	-	-	-	-	-	-
Finance Management Support Grant	427 337	-	427 337	3 080 000	(27 337)	(2 761 150)	(718 849)	0	0	-
Municipal Finance Improvement Grant	-	-	-	-	-	-	-	-	-	-
Maintenance Main Road Subsidy	-	-	-	106 168	-	(106 168)	-	-	-	-
Performance Management Grant	-	-	-	-	-	-	-	-	-	-
Municipal Infrastructure and Building Repair Grant	-	-	-	-	-	-	-	-	-	-
WC Municipal Financial Management Capacity Building Grant	-	-	-	240 000	-	(222 316)	-	17 684	17 684	-
Water Supply and Drought relief grant	-	-	-	-	-	-	-	-	-	-
Municipal Service Delivery and Capacity Building grant	1 870 568	-	1 870 568	-	-	-	(1 870 568)	-	-	-
Supply for Drought Relief Interventions	379 472	-	379 472	-	(379 472)	-	-	-	-	-
Municipal Infrastructure Support Grant	-	-	-	-	-	-	-	-	-	-
Local Government Graduate Internship Grant	54 904	-	54 904	66 000	-	-	-	120 904	120 904	-
Fire Service Capacity Building Grant	1 200 000	-	1 200 000	-	-	-	(1 200 000)	-	-	-
Municipal Draught Support Grant	959 416	-	959 416	-	-	-	(959 416)	-	-	-
Thusong Service Centre Grant	-	-	-	100 000	-	(100 000)	-	-	-	-
Cango Caves Infrastructure Grant	-	-	-	1 500 000	-	-	(59 850)	1 440 150	1 440 150	-
Total Provincial Government Grants	5 224 559	348 889	5 573 448	67 311 156	(436 762)	(43 568 097)	(20 977 925)	7 901 819	7 901 819	-
Total Other Grant Providers	-	-	-	-	-	-	-	-	-	-
Total Grants	7 153 437	348 889	7 502 326	169 517 156	(436 762)	(113 150 211)	(53 737 290)	9 695 218	9 695 218	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received.

OUDTSHOORN MUNICIPALITY- Reconciliation of Table A1 Budget Summary

Description	2017/2018								2016/2017
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
R thousands									
Financial Performance									
Property rates	83 694	(2 603)	81 091	81 990		(899)	101.1%	98.0%	70 958
Service charges	361 771	(29 517)	332 254	326 230		6 023	98.2%	90.2%	315 786
Investment revenue	2 757	1 779	4 536	5 454		(918)	120.2%	197.8%	3 230
Transfers recognised - operational	108 062	15 923	123 985	113 150		10 834	91.3%	104.7%	74 589
Other own revenue	60 961	(21 140)	39 821	45 355		(5 534)	113.9%	74.4%	61 677
Total Revenue (excluding capital transfers and contributions)	617 245	(35 558)	581 687	572 179		9 507	98.4%	92.7%	526 240
Employee costs	214 344	17 140	231 483	215 633	–	15 850	93.2%	100.6%	186 515
Remuneration of councillors	10 591	(319)	10 272	10 022	–	249	97.6%	94.6%	9 484
Debt impairment	24 382	(53 232)	(28 851)	(10 131)	–	(18 719)	35.1%	-41.6%	14 058
Depreciation & asset impairment	24 491	331	24 822	40 085	–	(15 262)	161.5%	163.7%	34 369
Finance charges	6 929	10 166	17 095	17 135	–	(40)	100.2%	247.3%	14 675
Materials and bulk purchases	155 080	20 719	175 799	147 637	–	28 162	84.0%	95.2%	146 709
Transfers and grants	850	350	1 200	2 697	–	(1 497)	224.8%	317.3%	3 022
Other expenditure	226 403	(46 451)	179 952	150 610	–	29 342	83.7%	66.5%	76 375
Total Expenditure	663 069	(51 296)	611 773	573 688	–	38 085	93.8%	86.5%	485 206
Surplus/(Deficit)	(45 824)	15 738	(30 086)	(1 509)		(28 578)	5.0%	3.3%	41 034
Transfers recognised - capital	35 062	26 455	61 517	53 737		7 780	87.4%	153.3%	36 816
Contributions recognised - capital & contributed assets	–	–	–	–		–	–	0.0%	–
Surplus/(Deficit) after capital transfers & contributions	(10 762)	42 193	31 431	52 228		(20 798)	166.2%	-485.3%	77 850
Share of surplus/ (deficit) of associate	–	–	–	–		–	–	–	–
Surplus/(Deficit) for the year	(10 762)	42 193	31 431	52 228		(20 798)	166.2%	-485.3%	77 850
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - capital	29 887	26 290	56 177	53 737		2 440	95.7%	179.8%	35 434
Public contributions & donations	–	–	–	–		–	0.0%	0.0%	–
Borrowing	–	–	–	–		–	0.0%	0.0%	–
Internally generated funds	7 349	4 179	11 528	4 315		7 213	37.4%	58.7%	15 564
Total sources of capital funds	37 236	30 469	67 705	58 052		9 653	85.7%	155.9%	50 998
Cash flows									
Net cash from (used) operating	45 318	7 859	53 177	131 512		(78 335)	247.3%	290.2%	92 869
Net cash from (used) investing	(37 236)	(29 007)	(66 243)	(56 426)		(9 817)	85.2%	151.5%	(36 367)
Net cash from (used) financing	(10 101)	(9 431)	(19 532)	(32 104)		12 573	164.4%	317.8%	(48 365)
Cash/cash equivalents at the year end	27 906	12 313	40 218	70 798		(30 579)	176.0%	253.7%	27 816

OUDTSHOORN MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description R thousand	2017/2018								2016/2017
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
Revenue - Standard									
Governance and administration	145 165	11 625	156 790	192 920	–	123%	123%	133%	219 142
Executive and council	59 681	10 919	70 600	105 540		149%	149%	177%	148 156
Finance and administration	85 484	706	86 190	87 380		101%	101%	102%	70 985
Internal audit	–	–	–	–		0%	0%	0%	–
Community and public safety	42 686	29 195	71 881	59 325		83%	83%	139%	22 795
Community and social services	5 438	–	5 438	5 438		100%	100%	100%	2 060
Sport and recreation	2 182	355	2 537	2 496		98%	98%	114%	20 736
Public safety	–	–	–	195		0%	0%	0%	–
Housing	35 066	28 841	63 907	51 196		80%	80%	146%	–
Economic and environmental services	55 013	(23 559)	31 453	28 721		91%	91%	52%	–
Planning and development	–	56	56	–		0%	0%	0%	–
Road transport	55 013	(23 615)	31 397	28 721		91%	91%	52%	–
Trading services	409 444	(26 364)	383 079	347 222		91%	91%	85%	320 135
Energy sources	239 997	(4 683)	235 314	221 683		94%	94%	92%	210 864
Water management	93 963	(9 335)	84 628	76 323		90%	90%	81%	62 537
Waste water management	43 681	(4 807)	38 874	31 825		82%	82%	73%	30 654
Waste management	31 803	(7 539)	24 264	17 390		72%	72%	55%	16 081
Other	–	–	–	–		0%	0%	0%	–
Total Revenue - Standard	652 307	(9 103)	643 204	628 187		98%	98%	0%	562 072
Expenditure - Standard									
Governance and administration	157 283	(6 812)	150 472	140 399	–	93%	0%	89%	131 676
Executive and council	92 473	(11 001)	81 472	74 980	–	92%	92%	81%	73 291
Finance and administration	64 810	2 359	67 169	63 747	–	95%	95%	98%	58 385
Internal audit	–	1 831	1 831	1 673	–	91%	91%	0%	–
Community and public safety	107 825	14 687	122 512	99 377	–	81%	0%	92%	74 892
Community and social services	33 944	(16 315)	17 629	15 585	–	88%	88%	46%	20 882
Sport and recreation	22 022	16 575	38 597	33 873	–	88%	88%	154%	14 311
Public safety	7 575	2 142	9 717	8 390	–	86%	86%	111%	32 204
Housing	44 284	12 285	56 569	41 529	–	73%	73%	94%	7 495
Health	–	–	–	–	–	0%	0%	0%	–
Economic and environmental services	93 862	(22 599)	71 263	68 487	–	96%	0%	73%	34 469
Planning and development	22 152	(4 158)	17 994	16 271	–	90%	90%	73%	5 765
Road transport	71 710	(18 441)	53 269	52 216	–	98%	98%	73%	28 704
Environmental protection	–	–	–	–	–	0%	0%	0%	–
Trading services	304 098	(36 572)	267 526	267 696	–	100%	0%	88%	243 185
Energy sources	190 909	(9 588)	181 321	173 385	–	96%	96%	91%	167 634
Water management	38 238	(14)	38 225	42 181	–	110%	110%	110%	29 638
Waste water management	40 714	(19 238)	21 476	20 666	–	96%	96%	51%	14 356
Waste management	29 489	(2 986)	26 504	31 464	–	119%	119%	107%	27 598
Other	4 747	(4 747)	–	–	–	0%	0%	0%	3 959
Total Expenditure - Standard	663 069	(51 296)	611 773	575 959	–	94%	94%	87%	484 222
Surplus/(Deficit) for the year	(10 762)	42 193	31 431	52 228	–	166%	166%	-485%	77 850

OUDTSHOORN MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/2018								2016/2017
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
Revenue by Vote									
Vote 1 - Executive & Council	41 914	8 375	50 289	87 672		174%	174.3%	209.2%	111 219
Vote 2 - Municipal Manager	17 767	2 600	20 367	17 869		88%	87.7%	100.6%	16 147
Vote 3 - Corporate Services	240	629	869	1 079		124%	124.2%	449.6%	(27)
Vote 4 - Financial Services	85 244	77	85 321	86 301		101%	101.1%	101.2%	70 985
Vote 5 - Community and Public Safety	69 344	(30 800)	38 544	31 844		83%	82.6%	45.9%	41 228
Vote 6 - Technical Services	402 732	(18 825)	383 907	352 226		92%	91.7%	87.5%	322 521
Vote 7 - Human Settlement	35 066	28 841	63 907	51 196		80%	80.1%	146.0%	–
Vote 8 - Strategic Services		–		–		0%	0.0%	0.0%	–
Total Revenue by Vote	652 307	(9 103)	643 204	628 187		98%	97.7%	96.3%	562 073
Expenditure by Vote to be appropriated									
Vote 1 - Executive & Council	70 166	(5 870)	64 296	60 532	–	94%	94.1%	86.3%	49 189
Vote 2 - Municipal Manager	37 408	(18 199)	19 209	16 127	–	84%	84.0%	43.1%	13 342
Vote 3 - Corporate Services	25 691	163	25 854	23 993	–	93%	92.8%	93.4%	42 989
Vote 4 - Financial Services	39 389	1 724	41 112	36 351	–	88%	88.4%	92.3%	32 733
Vote 5 - Community and Public Safety	136 896	(24 889)	112 008	107 160	–	96%	95.7%	78.3%	88 482
Vote 6 - Technical Services	309 235	(34 505)	274 730	273 994	–	100%	99.7%	88.6%	238 926
Vote 7 - Human Settlement	44 284	12 285	56 569	41 529	–	73%	73.4%	93.8%	7 474
Vote 8 - Strategic Services		17 994	17 994	16 271	–	90%	90.4%	0.0%	11 087
Total Expenditure by Vote	663 069	(51 296)	611 773	575 959	–	94%	94.1%	86.9%	484 223
Surplus/(Deficit) for the year	(10 762)	42 193	31 431	52 228	–	166%	166.2%	-485.3%	77 850

OUDTSHOORN MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/2018								2016/2017
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand									
	1	2	3	4	5	6	7	8	12
Revenue By Source									
Property rates	83 694	(2 603)	81 091	81 990		(899)	-1.1%	98.0%	70 958
Service charges - electricity revenue	229 535	(7 837)	221 698	214 665		7 033	3.2%	93.5%	210 403
Service charges - water revenue	72 691	(9 334)	63 356	63 730		(374)	-0.6%	87.7%	59 739
Service charges - sanitation revenue	35 700	(4 806)	30 894	31 126		(232)	-0.7%	87.2%	29 994
Service charges - refuse revenue	23 845	(7 539)	16 306	16 710		(404)	-2.5%	70.1%	15 649
Rental of facilities and equipment	1 638	(156)	1 482	3 453		(1 971)	-133.0%	210.8%	3 342
Interest earned - external investments	2 757	1 779	4 536	5 454		(918)	-20.2%	197.8%	3 230
Interest earned - outstanding debtors	6 604	100	6 704	6 949		(246)	-3.7%	105.2%	6 391
Fines	11 896	(10 517)	1 379	1 611		(233)	-16.9%	13.5%	13 205
Licences and permits	18 196	(18 196)	—	—		—	0.0%	0.0%	—
Agency services	—	4 556	4 556	4 570		(14)	-0.3%	0.0%	3 462
Transfers recognised - operational	108 062	15 923	123 985	113 150		10 834	8.7%	104.7%	74 589
Other revenue	22 627	2 639	25 266	30 607		(5 341)	-21.1%	135.3%	34 294
Gains on disposal of PPE	—	435	435	(1 836)		2 270	522.4%	0.0%	—
Total Revenue (excluding capital transfers and contributions)	617 245	(35 558)	581 687	572 179		9 507	1.6%	92.7%	525 256
Expenditure By Type									
Employee related costs	214 344	17 140	231 483	215 633	—	15 850	6.8%	100.6%	185 515
Remuneration of councillors	10 591	(319)	10 272	10 022	—	249	2.4%	94.6%	9 484
Debt impairment	24 382	(53 232)	(28 851)	(10 131)	—	(18 719)	64.9%	-41.6%	14 058
Depreciation & asset impairment	24 491	331	24 822	40 085	—	(15 262)	-61.5%	163.7%	33 913
Finance charges	6 929	10 166	17 095	17 135	—	(40)	-0.2%	247.3%	14 675
Bulk purchases	155 080	(1 000)	154 080	147 637	—	6 442	4.2%	95.2%	146 709
Other materials	—	21 719	21 719	12 626	—	9 093	41.9%	100.0%	7 020
Contracted services	30 155	(11 342)	18 813	21 396	—	(2 583)	-13.7%	71.0%	26 384
Transfers and grants	850	350	1 200	2 697	—	(1 497)	-124.8%	317.3%	3 022
Other expenditure	196 248	(35 109)	161 139	116 588	—	44 551	27.6%	59.4%	43 444
Loss on disposal of PPE	—	—	—	—	—	—	0.0%	0.0%	—
Total Expenditure	663 069	(51 296)	611 773	573 688	—	38 085	6.2%	86.5%	484 223
Surplus/(Deficit)	(45 824)	15 738	(30 086)	(1 509)		—	0.0%	0.0%	41 034
Transfers recognised - capital	35 062	26 455	61 517	53 737		7 780	12.6%	153.3%	36 816
Contributions recognised - capital	—	—	—	—		—	0.0%	0.0%	—
Contributed assets	—	—	—	—		—	0.0%	0.0%	—
Surplus/(Deficit) after capital transfers & contributions	(10 762)	42 193	31 431	52 228		(20 798)	-66.2%	-485.3%	77 850

MUN - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2017/2018								2016/2017
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8	12
Capital expenditure - Vote									
Multi-year expenditure									
Executive & Council	–	–	–	–	–	–	0%	0%	14 630
Municipal Manager	50	(50)	–	–	–	–	0%	0%	123
Corporate Services	–	–	–	–	–	–	0%	0%	–
Financial Services	1 900	(1 900)	–	–	–	–	0%	0%	909
Community and Public Safety	12 176	8 168	20 344	731	–	19 613	4%	6%	5 360
Technical Services	23 109	(3 485)	19 625	33 417	–	(13 793)	170%	145%	29 975
Human Settlement	–	–	–	–	–	–	0%	0%	–
Strategic Services	–	–	–	–	–	–	0%	0%	–
Capital multi-year expenditure	37 236	2 733	39 969	34 149	–	–	0%	0%	50 998
Single-year expenditure									
Executive & Council	–	–	–	–	–	–	0%	0%	–
Municipal Manager	–	1 500	1 500	1 335	–	164	89%	0%	–
Corporate Services	–	120	120	107	–	13	89%	0%	–
Financial Services	–	3 105	3 105	2 942	–	163	95%	0%	–
Community and Public Safety	–	2 873	2 873	2 042	–	831	71%	0%	–
Technical Services	–	20 139	20 139	17 510	–	2 628	87%	0%	–
Human Settlement	–	–	–	9	–	(9)	0%	0%	–
Strategic Services	–	–	–	–	–	–	0%	0%	–
Capital single-year expenditure	–	27 736	27 736	23 946	–	3 791	86%	0%	–
Total Capital Expenditure - Vote	37 236	30 469	67 705	58 094	–	3 791	86%	–	50 998
Capital Expenditure - Standard									
Governance and administration	1 950	2 775	4 725	4 426	–	298	94%	227%	15 663
Executive and council	50	1 450	1 500	1 327	–	173	88%	2654%	14 754
Finance and administration	1 900	1 325	3 225	3 099	–	126	96%	163%	909
Internal audit	–	–	–	–	–	–	0%	0%	–
Community and public safety	8 229	13 322	21 551	18 162	–	3 390	84%	221%	833
Community and social services	350	130	480	265	–	215	55%	76%	–
Sport and recreation	7 529	(6 047)	1 483	473	–	1 009	32%	6%	833
Public safety	350	1 053	1 403	1 303	–	99	93%	372%	–
Housing	–	18 186	18 186	16 120	–	2 066	89%	0%	–
Health	–	–	–	–	–	–	0%	0%	–
Economic and environmental services	5 014	7 494	12 508	11 124	–	1 384	89%	222%	16 062
Planning and development	–	350	350	–	–	350	0%	0%	–
Road transport	5 014	7 144	12 158	11 124	–	1 034	91%	222%	16 062
Environmental protection	–	–	–	–	–	–	0%	0%	–
Trading services	22 043	6 878	28 921	24 340	–	4 581	84%	110%	18 440
Energy sources	6 831	5 587	12 417	11 477	–	940	92%	168%	8 884
Water management	9 072	4 377	13 449	11 895	–	1 554	88%	131%	1 829
Waste water management	2 193	(455)	1 738	236	–	1 502	14%	11%	3 200
Waste management	3 947	(2 632)	1 316	731	–	584	56%	19%	4 527
Other	–	–	–	–	–	–	0%	0%	–
Total Capital Expenditure - Standard	37 236	30 469	67 705	58 052	–	9 653	0%	0%	50 998
Funded by:									
National Government	29 887	2 832	32 719	32 759	–	–	100%	0%	33 729
Provincial Government	–	23 458	23 458	20 978	–	–	89%	0%	1 705
District Municipality	–	–	–	–	–	–	0%	0%	–
Other transfers and grants	–	–	–	–	–	–	0%	0%	–
Transfers recognised - capital	29 887	26 290	56 177	53 737	–	–	0%	0%	35 434
Public contributions & donations	–	–	–	–	–	–	0%	0%	–
Borrowing	–	–	–	–	–	–	0%	0%	–
Internally generated funds	7 349	4 179	11 528	4 315	–	–	37%	0%	15 564
Total Capital Funding	37 236	30 469	67 705	58 052	–	–	0%	0%	50 998

MUN - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2017/2018							2016/2017
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and Other	486 458	(46 722)	439 737	468 205	(28 468)	106.5%	96.2%	426 352
Government - operating	108 062	15 923	123 985	53 737	70 247	43.3%	49.7%	74 589
Government - capital	35 062	26 455	61 517	113 150	(51 633)	183.9%	322.7%	36 816
Interest	9 360	1 549	10 910	12 404	(1 494)	113.7%	132.5%	9 621
Payments								
Suppliers and employees	(585 846)	21 167	(564 678)	(496 151)	(68 527)	87.9%	84.7%	(440 066)
Finance charges	(6 929)	(10 164)	(17 093)	(17 135)	43	100.2%	247.3%	(14 673)
Transfers and Grants	(850)	(350)	(1 200)	(2 697)	1 497	224.8%	317.3%	(3 022)
NET CASH FROM/(USED) OPERATING ACTIVITIES	450 594	(38 787)	411 807	131 512	280 295	31.9%	0.0%	89 617
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	435	435	435	–	100.0%	0.0%	–
Payments								
Capital assets	(37 236)	(29 442)	(66 677)	(56 860)	–	85.3%	152.7%	(34 470)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(37 236)	(29 007)	(66 243)	(56 426)	–	0.0%	0.0%	(34 470)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Increase (decrease) in consumer deposits	–	468	468	721	(253)	154.0%	0.0%	–
Payments								
Repayment of borrowing	(10 101)	(9 899)	(20 000)	(32 825)	12 825	164.1%	325.0%	(48 365)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(10 101)	(9 431)	(19 532)	(32 104)	12 573	0.0%	317.8%	(48 365)
NET INCREASE/ (DECREASE) IN CASH HELD	403 257	(77 224)	326 033	42 982				6 782
Cash/cash equivalents at the year begin:	29 924	42 892	72 816	27 816				19 679
Cash/cash equivalents at the year end:	27 906	12 313	40 218	70 798	–	176.0%	253.7%	27 816